The China Weekly
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密勒氏評論報

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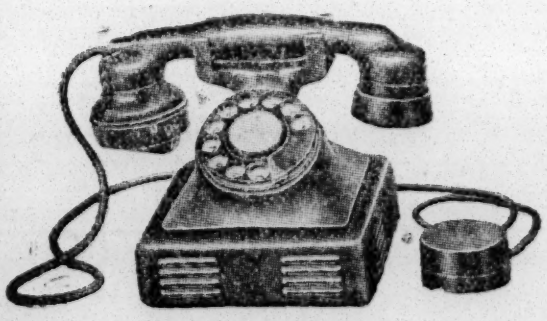

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Colorado Building, Washington, D. C.

NIPPON CENSOR WORRIED OVER WHAT HE READS IN THE PAPERS

WE have no way of knowing how many kinds of censors there are in Japan, but they must be numerous. Sometime ago there was a report in the Japanese newspapers about a special censor being appointed who was provided with a radio apparatus for detecting programs abroad that might be considered detrimental for the Japanese public to hear. Then several weeks ago there was a report that the Japanese Foreign Office had dispatched to Shanghai a special consular official whose duty it was to watch out for Japanese subjects who might be suspected of harboring "dangerous" thoughts, presumably communism. Whether the anti-dangerous thoughts' consul occupies a desk alongside another official whose duty it is to look out for Korean seditionists, we have no way of determining, but quite often one hears of the police, gendarmes or consular officials being given some new job intimately concerned with the reading habits or thinking of the Japanese people.

The latest along this line was a report in the Japan *Chronicle*, British paper published in Kobe (Feb. 21) stating that subscribers residing in England had complained that certain issues of the paper had failed to reach their destinations in that country. Inquiry disclosed the fact that the Japanese censor in the post office at Kobe apparently had considered articles appearing in certain issues of the *Chronicle* detrimental for people in England to read, hence he had violated the mail, extracted the offending copy and inserted a slip stating this particular issue of the paper had been "censored." Censorship over newspapers in Japan is not new, but censorship over outgoing mail, particularly foreign newspapers published in Japan is new. However, this practice is not restricted to newspapers mailed to England for the writer saw several copies of the *Osaka Mainichi* (Japanese owned) which had been mailed to Mukden with large sections cut out by some censor somewhere.

It is unnecessary to state that *The Review* has on several occasions had experiences with the Japanese censors, one of their favorite devices being the holding up or delaying of copies of this paper mailed to subscribers both in Japan and Manchukuo. One amusing case had to do with a subscription which was ordered by General Muto at Changchun. In the first place there is no machinery for dispatching newspapers from

China to Manchukuo directly, hence considerable difficulty was experienced in mailing the paper, but after that had been arranged, some Japanese censor along the route insisted on confiscating the copy. Then there are the censors in the various post offices in Japan who insist upon holding up certain copies of the paper. Why certain issues are selected, we do not know, but suspect it may be due to the fact that the censor may have been suffering from indigestion on the particular day that issue arrived. The result is that the subscriber in Japan, who fails to get his paper on time, writes us a complaint. We then mail another copy and after a time often receive another complaint from the subscriber that we have mailed him two copies of a particular issue when he only desired one. What happened, of course, was that the censor had released the old copy he had been holding and in consequence the subscriber received two of the same issue. We do not envy the Japanese censor for he has a most difficult job in protecting the Japanese people against things printed about Japan in foreign countries, against things printed in Japan for domestic consumption and against things printed in Japan which might be read abroad. With this heavy responsibility on his head and the matter of watching out for dangerous radio broad-casts, communists, dangerous-thoughts and Korean seditionists, he must have his hands full!

JAPAN'S SPENT YEN 100,000,000 ON ARMY PLANES: NEEDS MORE

OF interest in connection with China's present campaign to develop an air-force, is a report from Japan stating that country has expended Yen 100,000,000, equivalent to G.$50,000,000 at normal rates of exchange, on army planes alone since the Japanese flying corps was established in 1915. The announcement was made in the course of the meeting of the Imperial Diet on Feb. 28 and appeared in the Japan *Chronicle* on March 2. The Minister of Communication, Mr. Minami, reported in reply to a question that strenuous efforts were being made toward the training of good pilots and that new airdromes at Fukuoka, Sendai, Aomori and Saporo either had been completed or would be completed shortly. When completed they would be used for training civilian aviators.

Gen. Araki, Minister of War, then announced that extraordinary expenditures for military aviation since 1915 when the flying corps was established, amounted to Yen 100,000,000 and in addition to this ordinary expenditures amounted to Yen 28,000,000, had been been made, the increase being due to the Manchurian affair. Gen. Araki also stated the army was not satisfied with the present rate of progress and asked for public support. Viscount Hotta, under-secretary of the Navy, also announced that the naval air-force was "hardly sufficient" for present and future needs.

According to a report of the U. S. Department of Commerce, Japan was the best customer of America in 1932 for airplane parts, the value of Japanese purchases being G.$846,495, a considerable increase over the purchases for 1931 which amounted to G.$116,106. China in 1932 ranked ninth among the nations purchasing planes in the United States. The report stated that Japan does not purchase finished planes in America, but only buys parts such as engines, propellers, steering mechanisms, etc., with which she constructs her own planes. Since China has no airplane factories, her purchases in the United States are largely confined to finished planes.

CHILEANS POSSESS NO EXTRALITY "RIGHTS" IN CHINA!

SOMETIME ago *The Review* received an inquiry from a reader regarding the status of the Republic of Chile, South America from the standpoint of exterritorial "rights" in China. The inquiry was sent to Nanking and in response the following communication was received, which consists of a copy of a Note sent to the Chilean Government by the Chinese authorities on May 27, 1925. According to this statement the claim of the local Chilean consular officials to exterritorial rights was officially denied by the Chinese Government. The text of the Note follows:

"I have the honor to inform you that I have received instructions from my Government to reply to your Excellency's note of August 21, 1924, with reference to the matter of the claim of the Chilean Consul in Shanghai to exercise extraterritorial judicial functions in a case in which an alleged Chilean is a party.

"The Chinese Government appreciate the fact that the Chilean Government have, out of an elevated spirit of justice, already instructed the Chilean Consul in Shanghai not to maintain the claim for the exercise of such judicial rights in the case which was the subject of my note of July 10, 1924. The Chinese Government, however, have been surprised to learn from the report of the Chinese Commissioner of Foreign Affairs in Shanghai that the Chilean Consul at that Port had not yet formally withdrawn his claim for extraterritorial jurisdiction in that case and that in a new case before the Mixed Court in which a certain person also alleging Chilean citizenship by the name of Yang Hung Sung, was accused of illegally selling lettery tickets, the Chilean Consul received the accused into the Consulate and extended him asylum therein. The Chinese government would therefore request the Chilean Government to tissue stric instructions to the Chilean Consul in Shanghai to desist from such practice.

"The Chilean Government seem to entertain some doubt that the denial of the right of extraterritorial jurisdiction to Chilean Consuls would place Chilean interests in China in a situation distinct from those of other nations having similar treaties with China. The Chinese Government therefore wish to assure the Chilean Government that in not recognizing the Chilean Consuls as having the right of extraterritorial jurisdiction in China, the Chinese Government are not denying to the Chilean functionaries or her citizens any privilege or rights which are accorded to those of other countries whose relations with China are governed by analogous international accords and to point out that neither the letter nor the spirit of the Treaty of 1915 between China and Chile has in any way been thereby violated. The right to exercise extraterritorial jurisdiction is an exception to the general rules of international law. Its existence must be expressly granted and cannot be inferred from mere implication. All the Power now exercising extraterritorial jurisdiction in China do so by virtue of express grant of such right in their Treaties with China. Where no such grant has been made the Powers concerned have been uniformly denied the exercise of such right by the Chinese Government.

"As to the effect of the most favored nation clause in a treaty upon the existence of extraterritorial rights it may be said at the outset that authorities on international law are generally agreed that such a clause only refers to advantages and privileges of an economic and commercial nature, and not to political rights to which the right of extraterritorial jurisdiction belongs. Moreover, a fair and equitable interpretation of the most favored nation clause in the Treaty of 1915 would show that the clause clearly refers to the official and personal status of the diplomatic and consular agents, which is

essentially different in nature from the exercise of extraterritorial judicial functions, the latter being a right which is only incidental to the enjoyment of extraterritorial rights on the part of the citizens. To avoid any possible misunderstanding the Chinese Minister at Tokyo was instructed, in last April when the exequatur was issued by the Chinese Government to the Chilean Consul in Shanghai and forwarded to him through the Chilean Legation at Tokyo, to explain to the Chilean Minister that the most favored nation treatment mentioned in the Treaty does not include the exercise of extraterritorial jurisdiction.

"In view of the cordial relations existing between China and Chile, and knowing the elevated sense of justice of the Chilean Government, the Chinese Government feel assured that only these few words of explanation are needed to clear up any doubt existing in the mind of the Chilean Government as to the true meaning and intent of the Treaty of 1915 and to make it perfectly evident that the right of extraterritorial jurisdiction is not conceded in the said Treaty, which is not anything peculiar to the Sino-Chilean relationship but is in line with the new treaty policy of the Republic of China to gradually do away with a system which is antiquated and against the general principles of international law."

China's Interest in the American Financial Crisis

CHINA has reasons for greater interest in the present financial crisis in America than most countries due to the fact that among the numerous schemes for currency inflation in the United States is a proposal for the Government to subsidize silver by purchasing almost unlimited quantities of the metal at prices ranging from 40 to 75-cents (gold) an ounce. The present price of silver works out at about 26-cents gold an ounce, hence if the United States Government should purchase say G.$250,000,000 worth of silver at prices ranging from forty to seventy-five cents gold an ounce it would have a tremendous effect on silver prices in the Far East. In order to pay for the silver, the advocates of this form of currency-expansion in America recommend that the U. S. Treasury issue silver-certificates which would circulate as currency along with the present bank-notes which are secured by gold reserve in the treasury. The chief advocate of this form of currency expansion in the United States is Senator Burton K. Wheeler of the silver-producing state of Montana, who visited for a considerable period in China four or five years ago. Representatives of other western states where silver-mining is an important industry are associated with Senator Wheeler in the drive for "bimetalism," which, if it became effective would mean that silver would take its place along with gold as legal reserve in the United States.

During the closing days of the session of Congress which expired on March 4, Senator Wheeler introduced a bill for the free coinage of silver at the ratio of 16 to 1 to gold, the proposal being similar to the old "free-silver" hysteria which swept the United States in 1896 and almost made its chief proponent, William Jennings Bryan, president of the United States. Bryan was only defeated by William McKinley, advocate of "sound-money" by 600,000 votes in the national election of that year. Senator Wheeler, in introducing his bill for the free coinage of silver, declared that Congress would either have to accept "bimetallism" otherwise artificially stabilized silver, or the country would have to accept "paper-currency" within the present session of Congress. Senator Wheeler meant by this that the United States Government would not be able to maintain its present gold-secured currency.

Although the currency situation has been greatly overshadowed by the present banking crisis in the United States, occasioned by the widespread banking moratoriums, there is no side-stepping the fact that proposals for currency-inflation will constitute the chief subjects of discussion in the forthcoming session of Congress. As a matter of fact, the agitation for currency-inflation probably had considerable to do with the banking crisis through the creation of widespread uneasiness on the part of the public regarding the stability of America's leading banking institutions. Obviously it's a curious and disconcerting situation when the United States, which possesses most of the world's supply of gold, should nevertheless be involved in a most disastrous financial panic necessitating governmental action to prevent the public from withdrawing its deposits and thus wrecking most of the banks.

Owing to the seriousness of the situation the last session of Congress rushed through two important measures designed to give the Government extensive control over the banking situation. One measure which was fostered by Senator Carter Glass of Virginia will greatly strengthen the Federal Reserve banks. The other measure, fostered by Congressman La Guardia of New York, gives national banks the right to declare moratoriums and also gives them the right to assist state banks. The present banking crisis in America which began in Detroit a short time ago, actually is the culmination of a deep-seated trouble which has its foundation in the laxity of laws governing the organization and control of banks. Aside from its control over the so-called "national" banks, represented by such institutions as the National City Bank and Chase Bank, which are subject to federal inspection and supervision, the Government has no control over the so-called "state" banks which are incorporated under state charters. Prior to the stock-market crash in New York in 1929 there were some 25,000 national and state banks in the United States. The market crash naturally had a serious effect on the banking situation, indicated by the fact that there were 1,345 bank failures in 1930. But the American banking trouble did not start with the market crash for there were 152 bank failure as back as 1920. However, the market crash did aggravate the situation for the closing of banks was greatly accelerated until the total which have failed since 1920 numbers 9,900 —a disgraceful situation in a nation possessing the wealth and resources of the United States. Large numbers of these banks were started with small capital, in many cases not more than G.$25,000. When times were good these banks prospered and multiplied until there were at least two in practically every country town. But when the depression struck the country, these banks began to have trouble because their resources had been loaned out on real-estate or other security

which had become greatly depreciated. The result was the banks began to fail and they have been failing at a fairly rapid rate for the past two years. The present debacle is but the culmination of the crisis and it has been so serious that Congress finally was compelled to take drastic action to prevent all of the country's financial institutions from being dragged down by the weaker members. The outcome of the present crisis probably will be more stringent banking legislation resulting in a general centralization and strengthening of the nation's financial organs. The weaker banks which have gone down in the crash will gradually be liquidated, or taken over by the stronger banks as branches of the larger institutions. Heretofore the Government has been prevented from taking this necessary action due to the political influence of the state banks. The present governmental moratorium will thus give the National Government at Washington power to enact legislation which it otherwise could not have done because of political opposition. The final result will be a sounder banking system more in keeping with the nation's predominant position in world finance and commerce.

However, there is an "if" attached to this and that little word is represented by current agitation in America and elsewhere favoring currency inflation and departure from the gold standard. As the situation stands today the United States is about the only important country still on a gold basis, some forty other nations having followed Britain's precedent in 1931 in departing from gold. France is still on a gold basis, but shortly following the close of the great war reduced the value of her currency unit, the "Franc," from a pre-war value of 19.3-cents gold to its present value of 3.91-cents. In other words, the French coin, the Franc which was worth approximately 20-cents before the war is now worth only approximately 4-cents. Some Americans would like to do somewhat the same thing with the United States gold dollar which is practically the only remaining "sound" unit of currency in the world. The American dollar is sound because the United States Treasury or any solvent bank is ready on demand to exchange 23.22 grains of fine gold for every dollar of currency in circulation other than silver certificates and treasury notes. It means that the Federal Reserve Banks may issue notes against gold reserves when not less than 40 percent of their value is represented by actual gold in treasury vaults. But while the legal reserve of gold is 40 percent of the value of the banknotes in cirulation, credit contraction due to the economic depression has resulted in the amount of gold piling up until the gold reserve against note issues is now between 60 and 80 percent. This means that the accumulation of gold in the United States is far in excess of the required support of the monetary unit. It also means that fewer dollars are in circulation against total gold reserves than would be permitted under the law. This means that the heavily-backed American dollar's purchasing power has increased substantially over the purchasing power of labor and commodities with the result that more hours of labor or more commodities are required to be worth a dollar than when the amount of gold actually back of the American dollar was at a lower level. Those favoring inflation argue that the United States could still maintain "sound-money" and put the general price level back to its 1920-1929 average by increasing the price of gold from its present established level of G.$20.67 an ounce to G.$30 an ounce.

Arguments favoring currency inflation are almost too familiar to require repetition. Persons who owe money would have their debts reduced in proportion to the amount of currency inflation. It would reduce the present wide gap between the American dollar and depreciated currencies of other and competing nations and thereby improve the market for American goods which now are practically unpurchasible in terms of depreciated foreign coins. Summed up, the arguments for inflation are that more money is needed in circulation and that something must be done to raise the level of prices, to the end that the purchasing and debt-paying power of the people may be restored. In other words the way to get more money is to print it—as the late Marshal Chang Tso-ling did with the "feng-piao" when he needed funds for financing his military adventures south of the Great Wall. A list of all the schemes for currency inflation which have been mentioned in Congress would fill a newspaper columns. They include the insuance of fiat money, green-backs, scrip, payment of veterans bonus and other government obligations in new currency based on government bonds, currency based on an expanded supply of silver dollars, remonetization of silver at a definite relation to gold, and reduction of the gold in the dollar. In the competition for attention in Congress the silver advocates enjoy somewhat of an advantage because there is a political argument involved in that many of the western states are heavy silver producers. Then there is the argument that American markets in the Orient, Mexico and South America would be enhanced if they could make their purchases on a silver basis in an established relationship to gold.

Obviously most of these schemes may be summarized in the characteristic declaration of Alfred E. Smith before the Senate Finance Committee a few days ago, "Currency inflation is merely a shot in the arm and it will injure rather than help the country." Continuing, he stated that inflation of the currency would at first give the impression that prices were higher, but this would give no lasting effect. Those who argue that the value of the American dollar should be reduced so as to narrow the gap between American "sound" money and depreciated European currencies, fail to realize that this would probably result in a competition of depreciated currencies. For example the depreciated value of the English pound gives Britain a present advantage in world markets, but should America reduce the value of the gold dollar or go off gold altogether, there would be nothing to prevent England from further depreciating the pound in order to maintain her present advantage. The result would be a competition in depreciated currencies that would lead inevitably to world chaos far worse than the present situation. Another important element is that if Congress once set a precedent in reducing the value of the dollar there would be no safeguard against a further depreciation and then still further moves in the same direction until the American dollar would go the way of the German mark and the Russian rouble and the present tendency of the Japanese yen or even the English

pound sterling.

Although financial conditions in America at the present are most desperate and as a result innumerable panaceas are being offered, it is difficult to imagine the United States deliberately setting about to destroy the only remaining sound currency in the world, a currency standard which was acquired only after practically a century of unceasing effort. The so-called "gold-standard" was first invoked by Great Britain in 1816. Germany followed the British example in 1873 after exacting a war indemnity of $1,000,000,000 in gold from France. Although an important silver-producing country, the United States joined Germany in the gold standard rank in 1873, and in turn was followed by Belgium and other European countries until the new system predominated in the Western world. In 1926 England decreed gold the standard medium of exchange in India, thereby altering the economics and customs of some 300,000,000 people. Japan adopted gold, but actually never has been on a genuine gold basis except at intervals. As for China she has remained on silver, although attempts have been made on occasion to go on a so-called "gold-exchange" basis of currency. To quote from a recent *Associated Press* report from Washington, the world swing to gold standard currency almost immediately started the re-writing of world progress. It was the great influx of gold into the United States during and following the great war, however, which has largely been responsible for much of America's present complications. It led to an over-expansion of credit and this in turn was directly responsible for the greatest wave of speculation that any country ever has experienced. The country today is suffering from this situation somewhat as a man suffers from a prolonged alcoholic spree. Various individuals and interests have come forward with schemes for quick recovery, most of which amount to declaring a dividend in bankruptcy. When a private business gets into difficulties the auditors and creditors step in and effect a reorganization or if this impossible they recommend liquidation and a new start. But when a government gets into financial difficulties, the tendency usually is for someone to suggest wild-cat schemes of inflation which make the situation worse for all persons concerned. As stated, no one can forecast the outcome of the present crisis, but it appears obvious that common sense ultimately will prevail and steps will be taken to correct the evils at their source and make a new start.

When Good "Licker" Is Bad and Who Makes It on the China Coast!

SHANGHAI newspapers sometime ago reprinted an amusing item from the *North China Star*, American paper in Tientsin, which told of Tientsin's most "international" law-suit wherein an Italian subject, born a Turk, but really a Greek had appeared in a British court with an American lawyer and a Russian translator and admitted he made Scotch whisky in China out of Japanese alcohol in a distillery under a French name, but located in the British Concession. Unfortunately, from the standpoint of the consumers of alcoholic beverages in the Chinese ports, the local newspapers did not print the remainder of the report which occupied preferred front-page position in the *Star* for four consecutive days. Also, nothing was said about the complainant in the case, the "Italian, born a Turk, but really a Greek" who at the conclusion of the trial was awarded damages against the Tientsin British Municipality to the amount of $1,126 in local Tientsin currency.

The case was interesting and in many ways significant because the high-price of imported alcoholic beverages due largely to the Chinese tariff on such articles is proving a potent stimulus to those who would engage in local manufacture. Also, it is proving an equally potent stimulus to those who place incorrect labels on the local product with the object of misleading the consumer into thinking he is drinking imported brew. For example in the Tientsin case, referred to in the foregoing, it was brought out in the British court in the course of the trial that E. C. Spiridis, the complainant in the case, had been producing in his little distillery such well known concoctions as "Finest Old Scotch Whiskey," "Scotch Whiskey," "Best Port," "Cherry Brandy," "Cherry Brandy Liqueur," "Plymouth Gin," and a number of other familiar brands. But the best part of the story is still to be told, hence it would be better to begin at the beginning.

It seems that Mr. Spiridis had obtained a license from the Tientsin British Municipal Council to open a distillery, his announced object being to produce "vodka and wine." Later on the local police raided Mr. Spiridis' establishment, due to his production of allegedly spurious intoxicants, and revoked his license. When it was learned he was an Italian subject, Mr. Spiridis was taken before his consul and according to the testimony he was fined 400 lire for using misleading labels on his bottles. The British municipal authorities then refused to renew his license and in consequence he brought suit against the Municipality, being represented by Dr. C. J. Fox, local American attorney. The case was tried before a jury composed of Britons and as stated in the foregoing, Mr. Spiridis won out and obtained judgment for $1,126, the jury basing its award on allowing the complainant six months' rent, five months' payment of coolie hire, light and water, $500 compensation for his enforced idleness, $208 interest on his distillery investment, $18.40 for incidentals. Costs were apportioned. But, as stated, the interesting part is yet to be told and here it is:

Mr. Spiridis testified on the stand that after getting his license and opening his distillery, he obtained from a responsible British firm in Tientsin, branch of a Shanghai wholesale liquor house, a catalogue describing in detail how various liqueurs and liquors were made. He then proceeded to make these beverages and the names he gave them were reproduced from the British catalogue. The method of manufacturing also was set forth in the handbook which Mr. Spiridis had purchased from a British firm. In order

that no injustice may be done to innocent bystanders, the remainder of the testimony herewith is reproduced verbatim from the British court records as published in the North China Star for Jan. 19.

It is admitted by the plaintiff, stated Dr. Fox, (attorney) that the beverages were synthetic whiskey, gin, etc., but it will be shown by evidence that the manufacturing of synthetic beverages is a regular business carried on in Tientsin. Municipal health authorities here and in Shanghai assert there is nothing injurious to the health in high class synthetic beverages.

When Mr. Spiridis was called to the witness box he showed evidence proving that he was an Italian subject. Dr. Fox showed a catalogue of W. J. Bush and Company, and asked him where he got it.

"From Caldbeck, Macgregor and Company," Mr. Spiridis answered.

Q—Is the name "Caldbeck Macgregor and Company" stamped on the catalogue? A—Yes.

Q—Did you then make your purchases of materials according to this catalogue? A—Yes, and from Caldbeck Macgregor.

Q—On page 36 the catalogue sets out the essences needed to make London Gin and Plymouth Gin. Did you make these gins here? A—I only made London Gin here.

Q—On page 37 the British catalogue sets out the essences needed for manufacturing Bourbon, Cherry, Irish, Scotch, Highland and Three Star whiskies. Did you make these here? A—Only Scotch Whisky.

Q—In the catalogue is there an item: "Liqueur Compounder's Handbook?" A—Yes.

Q—Referring to page 45 of the Liqueur Compounder's Handbook we find set forth how Scotch whisky is to be made. Did you follow these instructions? A—Yes.

Q—What else did you manufacture according to the handbook? A—Cherry Brandy, Cognac Brandy, Parfait d'Amour.

His Lordship—How is Parfait d'Amour manufactured?

Mr. Spiridis—Blend one part essence of Parfait d'Amour, glycerine, rectified spirit and distilled water, and then add red color.

His Lordship—A strange mixture! It sounds to me more like a cough mixture.

Q—Were similar Scotch whiskies manufactured and sold here? A—Yes.

Q—Did you bring samples to court? A—Yes.

At this point ten bottles of liquors and liqueurs were introduced into evidence.

Q—Do you remember how much you paid for this bottle of "Scotch Whisky?" A—Yes, two dollars.

Q—Was it made locally? A—Yes.

Q—How do you know? A—By the price and label. It was manufactured by the Te Tai Hsiang Company, Tientsin.

Dr. Fox—These synthetic liqueurs are made here generally. Formerly local manufacturers would use the original labels, thus misleading the public. But recently new regulations have been made and though they still use the real labels on "home-made" liquors and liqueurs they now paste an additional label on the bottle which compels them to show the beverage was manufactured here. These exhibits may prove that the plaintiff was making synthetic beverages openly and was doing as many others in Tientsin were doing.

From the Statement of Claim

5. All essences subsequently used by Plaintiff in the manufacture of alcoholic beverages were purchased by Plaintiff from W. J. Bush and Company, Ltd., a British corporation, through Caldbeck, Macgregor & Company, Ltd., another British corporation and local agents for the said W. J. Bush and Company, Ltd., whose head office is in London.

6. The said Caldbeck, Macgregor and Company, Ltd. grave Plaintiff the catalogue of the said W. J. Bush and Company, Ltd. and the Plaintiff made his purchases according to this catalogue; named his various distilled beverages according to the suggestions contained in this catalogue; and actually manufactured the said alcoholic beverages according to the technical handbook entitled, "The Liqueur Compounder's Handbook," purchased by Plaintiff from the said W. J. Bush and Company, Ltd., through the said Caldbeck, Macgregor and Company, Ltd.

The remainder of the testimony dealing with the more or less complicated nationality and extraterritorial rights of the complainant are irrelevant, the important point already having been clearly indicated that the production of synthetic spirits on the China coast has become a considerable industry and that the responsibility for this does not rest entirely with nondescript foreigners of uncertain nationalities or with the Chinese. According to the testimony in this case the business apparently is being fostered by responsible British interests, heretofore engaged in the import of standard home-manufactured products. There was one other point in the testimony which was of somewhat minor interest, that the alcohol which Mr. Spiridis used in his distillery was of Japanese production and was imported through the Chinese Maritime Customs labeled as "motor-spirit." A witness testified that Japanese alcohol is generally used in the manufacture of synthetic spirits on the China coast, but a chemical analysis of some of Mr. Spiridis' samples produced in court showed that it contained no "wood" alcohol, which is poisonous and has been responsible for numerous deaths in the United States. A witness also let the public into a little secret regarding the wholesale production of vodka, the popular Russian drink. He said that most of the local vodka has composed of equal parts Japanese alcohol and water with a little flavoring added.

The writer of these paragraphs is not what is popularly known as a "drinking-man," although he has had some adventures with liquor at dinner parties or similar occasions. Recently at a Russian-style banquet, the host made quite a point of serving a new special brand of vodka and several kinds of wines recently imported into China from the land of the Soviets. The products appeared to be of good quality, but the writer who happened to be a guest at the dinner, noticed another bottle also containing what purported to be vodka in a different type bottle standing on the table. Inspection of the bottle disclosed a label showing it was made in Shanghai and there was a certified statement to the general effect it was guaranteed to be "pure and wholesome." The statement contained the signature of a "Mr. Jenson," who may have been an authority on the making of vodka, but the printing on the label indicated he was no authority on the English language. Another recent adventure, this time at a Japanese dinner-party, also is worth recounting. The Japanese host, an official, made a point of serving what he declared was "fine old brandy," and most of the guests accepted his recommendation. However, one of the guests, an American who claimed to be somewhat of a connoisseur, was skeptical of the genuineness of the "fine old brandy" and managed to prove quite conclusively that it was vermouth, a French liqueur made from white wine flavored with aromatic herbs. However, this probably was of local synthetic manufacture, but had been sold to the Japanese as "fine old brandy."

There probably is no type of business that lends itself more readily to imitation, adulteration or fakery than the liquor business and there probably is no place in the world where the practices are more prevalent than on the China coast. In-

cidentally, and for the benefit of possible readers on the West Coast of the United States, it might be stated that much of this China-made booze is smuggled into the United States. However that is beside the point. The reason why it is easy to fake liquor is that very few persons actually can tell the difference between brands. Most regular users of alcoholic drinks seem to have a sort of fanatical faith in a printed label. For example a man will order a drink of whisky, but before tasting it, he will examine the label and if the label meets his approval, he apparently is satisfied, not realizing that Shanghai printing plants can turn out labels just as good as the home variety. As a matter of fact since the customs duty was raised on imported liquors, it has become the general practice to do the bottling in Shanghai from large casks or containers which are shipped out from the home distilleries. This naturally provides opportunity for almost unlimited adulteration because few indeed are able to detect the addition of a considerable quantity of water.

Then there is the fiction about the "non-refillable" bottle, a patented container which has a small porcelain ball or marble arranged in such a way that it permits the contents to be poured out, but when the bottle is returned to its normal position the marble drops down into the neck of the bottle thus preventing re-filling. The writer believed this fiction until one day he happened to see a Chinese shop-clerk re-filling one of these patented bottles with tea. He was doing it by inserting a small piece of crooked wire under the marble, thus preventing it from dropping down into the slot in the neck of the bottle. One often wonders what becomes of all the old empty bottles that are discarded in the average home, bar and hotel. Well, they go through a regular routine process. If it is a private home, they are sold by the servants to regular dealers in bottles of which there are dozens in the city. What the bottle-dealers do with the bottles requires no imagination, but most of them probably gravitate to those places where synthetic liquors are made. Empty bottles command good prices on the China coast, an ordinary distilled-water type bottle, bringing an average price of ten cents. Those of unusual shapes, serving as a sort of established trade-mark for the contents, bring much higher prices and those containing labels which have not become discolored are in even greater demand. And while on the subject of bottles, the writer once noticed a bottle of Japanese-made whisky in Dairen, the imitation being obvious because of the misspelling of the poorly-imitated label of a well-known English brand. Under the label was a smaller printed slip which read, "After using the contents of this bottle, please destroy in order to prevent re-filling with an imitation product."

The United States has been legally dry for well over a decade, and presumably there has been no manufacture of formerly well-known brands of American whiskey, but despite this it is possible to purchase in liquor shops in Shanghai such brands as "Sunny-Brook," "Old Pennsylvania Rye," and "Genuine Old J. H. Cutter Whisky," and possibly others. The writer saw these brands in a shop on Avenue Edward VII quite recently. In one recent issue of a Shanghai foreign newspaper the writer counted the advertisements of seven different brands of whiskey, brandy, port, and gin and in addition there were two long lists of special bargains in the advertisements of local auctioneers. One wonders how many of these were genuine, meaning by this, were actually imported from producers in Europe. There is of course considerable genuine liquor, liqueur, gin and wines of various types imported into Shanghai which is sold in the original bottles, but one often wonders at the claims of certain hotels and clubs that their brandy is guaranteed to be "40-years old," or in one case it was claimed the brandy was made in the days of Napoleon. And there are the claims of the whiskey purveyors about the ages of their various brands. One often wonders just how they would go about proving their claims about the rival ages of their brands, and also who would know the difference if a brand advertised as 10-years old had been made only a few weeks before shipment to China. In these days of science the chemists seem to be able to do anything, hence why not use their skill on artificially ageing whiskey?

Up to comparatively recent times the Chinese seldom drank anything except their native "Samshu," "Shaoshing," or "Kaoliang" wines, comparatively mild beverages made from rice, wheat or northern kaoliang (maize). But now the Chinese are beginning to drink everything, particularly brandy of which they appear to be fond. This offers great opportunity for the maker of synthetic beverages and also it is said that the native Chinese wines are being produced synthetically in wholesale quantities. Of course, the Chinese not being familiar with foreign drinks, could not be expected to distinguish genuine Scotch made in Glasgow from "Genuine Scotch," made in a synthetic distillery in Shanghai, or a bottle containing a little genuine Scotch imported from Glasgow diluted with considerable genuine Whangpoo water. Mention of Whangpoo water also suggests the Shanghai "Silent-Water" racket, but we will reserve that for another article.

Nominations for Municipal Councillors Close March 18

The elections for foreign members of the Municipal Council of the Foreign Settlement of Shanghai will take place Monday and Tuesday, March 27 and 28. Nomination papers must be sent in not later than noon on Saturday, March 18. Nine Councillors will be voted for. The outstanding feature of the coming contest so far is that it is understood that Brig.-General Macnaghten, who resigned from the Council at the time of his going home on leave in April, 1932, will be a candidate once more. As a result of a "primary" in the American community, the two American candidates will be T. J. Raven and C. S. Franklin.

Herr Hitler Triumphant in Germany—Communists Flee

Herr Hitler, the chancellor and leader of the Nazi Party, is now master of Germany as a result of his sweeping success in the recent elections.

His party have not only been returned with the record number of 288 seats in the new Reichstag, as compared with 196 last November, but with the other two Right parties, the German Nationals and the German People's party, Herr Hitler will have a clear majority of about 23, thus breaking the long existent deadlock in the Reichstag.

Herr Hitler is an uncompromising opponent of Communism and as a result of his drastic methods Communists are fleeing from the Reich in all directions, so as to avoid being imprisoned.

Was General Tang Yu-lin a Traitor?

THE first and natural result of the collapse of Chinese resistance before the advance of the Japanese military machine in Jehol, has been to place the blame on Gen. Tang Yu-lin, late governor of that province. But Gen. Tang Yu-lin is not alone for there is almost an equally insistent demand for the resignation of Marshal Chang Hsueh-liang, late head of the Manchurian administration but for the past three years vice-commander of the government forces in north China and chairman of the Peiping branch of the national political council. Chang Hsueh-liang was the first to demand the arrest and punishment of Tang Yu-lin, but this demand was followed immediately by demands from Nanking that Chang Hsueh-liang resign so as to enable the National Government to take direct charge of the situation in the north. Among those most insistent for the resignation of Marshal Chang is Sun Fo, recently appointed chairman of the Legislative Yuan. Also, according to the Chinese newspapers there have been demands for the arrest and punishment of the aged Gen. Chu Ching-lan who had nominal charge of the Chinese volunteer forces operating in Jehol which were largely independent of Gen. Tang Yu-lin, but which suffered in the general defeat. Apparently the only commander in Jehol who has not suffered in public esteem is Gen. Sun Tien-ying, a former subordinate of Marshal Feng Yu-hsiang who attempted to defend the town of Kailu after Tang Yu-lin's commander had gone over to the Japanese and Manchukuo forces.

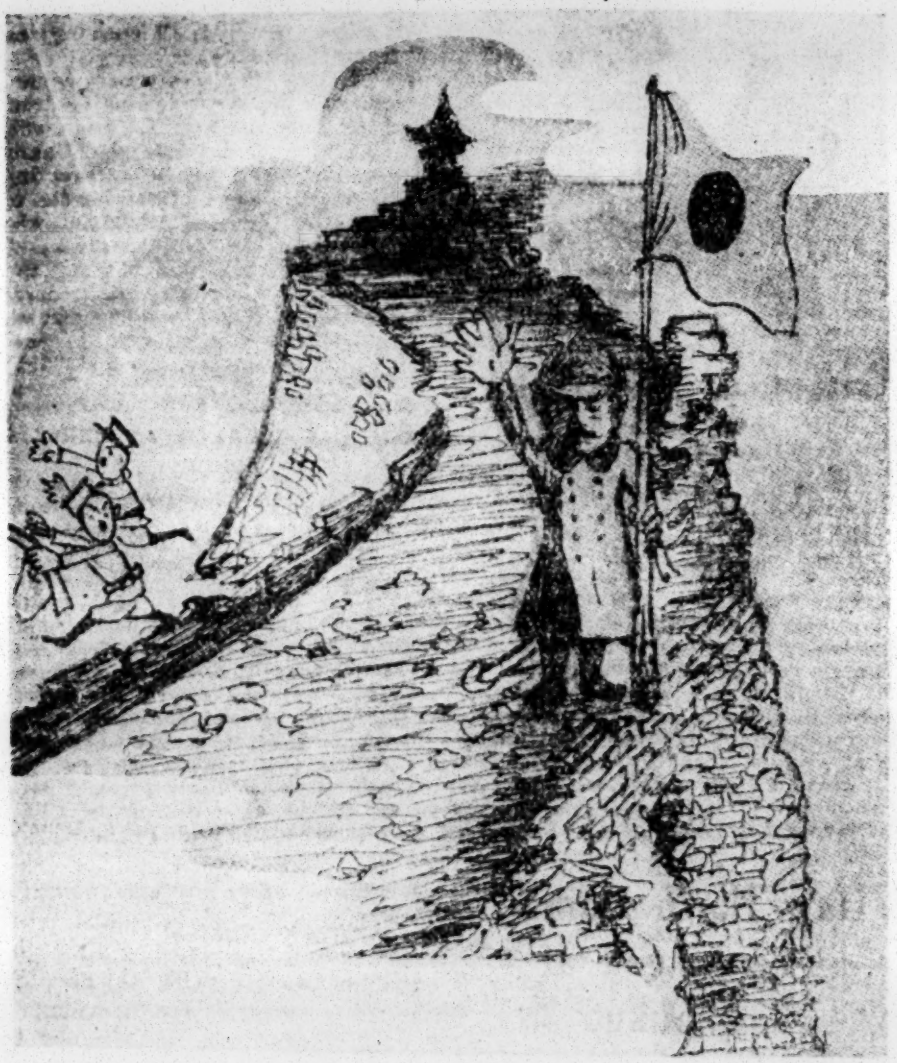
Only two outstanding leaders of the Central Government have refrained from placing the blame for the Jehol collapse on individuals—T. V. Soong, acting chairman of the Executive Yuan and Finance Minister, and Dr. C. C. Wu, recently appointed chairman of the Nanking Foreign Affairs Committee. Dr. Wu, in the course of an interview said that the military and political complications in north China were so deep-seated that the Jehol collapse probably was inevitable. Mr. Soong, in his statement which appears in full elsewhere in this issue of *The Revinw* was much more specific due probably to the fact that he had just returned from a trip to Jehol province where he had the opportunity of viewing the complicated politics of that distressed province at first hand. He declared that the fundamental reason for the Jehol debacle was China's outworn and discredited ancient military system which permits the existence of vast armies of ill-fed, ill-armed and ill-trained soldiery to roam about the land fighting their battles with telegrams and bombastic proclamations. In times of crisis these armies degenerate into mobs and natural advantages of defence such as existed in the Jehol mountains became death traps, declared Mr. Soong, who concluded his statement by saying that these defeats at the hands of the Japanese military machine would ultimately have the effect of producing something fine and strong in China because the ancient rule still prevails that great nations must be forged in terms of blood and tears.

In order to determine the real underlying reasons for the sudden collapse of the numerically-strong Chinese army in Jehol it is necessary to go back a considerable period into the complicated politics of Manchuria and Japanese intrigue in that area. Originally there were five outstanding military leaders in that territory who had emerged from the ranks of the local "hunghutze" or semi-bandit bands. Of these leaders Chang Tso-ling was the most important and became head of the territory. The other leaders were Chang Tso-hsiang, head of Kirin province; Chang Ching-huai, head of the Harbin district; Chang Hai-ping, controller of the Mongolian border, and Tang Yu-ling, head of Jehol. Of these five leaders, Chang Tso-ling was killed by the Japanese because he refused to follow their orders, Chang Tso-hsiang remained loyal to Chang Hsueh-liang, son of Chang Tso-ling; Chang Ching-huai and Chang Hai-ping joined the Japanese and now occupy positions in the puppet government at Changchun, while Tang Yu-ling, governor of Jehol, until quite recently remained on the fence hoping to remain friendly to both sides and maintain control of his province.

Aside from its strategic importance as a buffer territory between the Manchurian provinces and China proper, the province has been of little importance financially or economically. Practically the only developed resource in the province was a coal mine at Chaoyang near the southeastern border upon which the Japanese had had designs for many years since it competed with the Japanese mines at Fushun. Other minerals are supposed to exist in the province but nothing had been done to develop them. Formerly when conditions in China proper were more or less stable it had been the custom of the central authorities to subsidize the Jehol administration with a monthly grant of $300,000, but when the subsidy was discontinued, Gen. Tang Yu-lin developed another resource—opium production. Then when conditions became still worse he followed the usual practice of military governors, raised the tax on land from $1 an acre to $12 and in addition followed the practice of the late Chang Tso-ling in printing unlimited supplies of banknotes. In this manner he managed, with the help of some 30,000 troops, to amass a considerable fortune which he invested in real estate in Mukden and elsewhere in Manchuria. When the Japanese seized Mukden in the fall of 1931, they knew exactly where Tang Yu-lin's property was located and seized it. Then they used this important lever to pry Tang off the fence and into Manchukuo. The *Manchuria Daily News'* official Japanese organ at Dairen, on Feb. 1 of this year, the date of the Japanese occupation of Shanhaikwan, published an article referring to Tang Yu-ling's property in Mukden and declaring, "very likely all these properties are to be disposed of as traitor's properties." Whether this Japanese pressure of a most synister type had anything to do with Gen. Tang's attitude cannot be stated, but it must have influenced him, along with the other urgent Japanese desire to control Jehol's opium resources and amalgamate them with the Manchukuo opium monopoly which the Japanese established shortly after their occupation of the territory.

Shortly following the Japanese occupation of Mukden in the fall of 1931, Gen. Honjo, commander-in-chief of the Japanese forces announced that Tang Yu-lin had decided to cast his lot with the so-called Mukden "peace and order committee," composed of nondescript Chinese ex-officials which the Japanese military had set up. Recently Tang denied that he ever had given permission for the use of his name in this connection, but for several weeks after the occupation of Mukden Japanese airplanes made regular trips between Mukden and Tang's capitol at Chengteh carrying messages back and forth and in addition the Japanese sent numerous emissaries into the province who fraternized with Tang's subordinates and probably supplied them with funds. One of these emissaries was finally captured by the volunteers and this nearly preciptated Japanese intervention in the spring of 1932. Another Japanese action which caused serious complication in Jehol was that of the Japanese military commissary in buying up all of the available food supplies in the province which had the effect of producing a near famine and causing serious discontent among the people.

"The Sun-Flag on the Rampart"



This cartoon by a Japanese artist appeared in the Feb. 1 issue of the *Manchuria Daily News*, Japanese official organ at Dairen. The soldier holding the flag was intended to represent Major Ochiai of the Japanese forces which occupied Shanhaikwan on Jan. 1. The inscription under the cartoon read, "And after only three hours' work."

In April of last year, a delegation of Jehol gentry visited Peiping and complained to the Peiping political council regarding the uncertain attitude of their governor and also called attention to the widespread distress which prevailed among the people due to the opium situation, exorbitant taxation and the depreciated banknotes. Also, they charged that Tang always had been sympathetic toward the Manchus and the monarchist movement and that Tang's brother and son were both fraternizing with the Japanese at Changchun. Peiping then sent a representative to Jehol to interview the governor. Tang is reported to have told the Peiping emissary that Japanese pressure was very strong, that he could not hold out with his 30,000 troops which were becoming dissatisfied because of the shortage of funds. In short Tang demanded $3,000,000 for the support of his troops, which demand amounted in fact to the price of his loyalty to the Central Government. When Nanking learned of the state of affairs, a considerable sum of money was remitted to Jehol and steps were taken to improve conditions in the province. A representative of certain Chinese banks visited the province for the purpose of doing something about the depreciated banknotes. But complications developed owing to the conflict of authority between Tang Yu-ling and Chang Hsueh-liang and the natural distrust of Tang Yu-lin which prevailed everywhere. Negotiations dragged on from April to December of 1932 and since nothing constructive could be accomplished, interests closely affiliated with the Nanking Government and private Chinese organizations throughout the country took steps to finance and organize the so-called Manchurian volunteers. But Tang steadily refused to relinquish supreme control and as a result there developed a serious conflict of authority within the province. Marshal Chang Hsueh-liang sent five brigades into the province which were stationed at Lingyuan, but they remained independent of Tang Yu-ling and in addition there was little or no co-operation with the volunteers, nominally headed by Gen. Chu Ching-lan. Then as a last resort after the situation became critical following the Japanese occupation of Shanhaikwan on Jan. 1 of this year, still further troops were sent to Jehol, including the former Kuominchun troops of Gen. Sun Tien-ying which had been stationed in southern Shansi. Still further troops, including other former Kuominchun forces to the number of 60,000 or 70,000 were also sent to the Lwan river and other points directly south of the Great Wall. Additional contingents belonging to Marshal Chang Hsueh-liang were sent to the Chinwantao district, but not until after the Japanese occupation of Shanhaikwan on Jan. 1 of this year.

This practically completes the background of the Jehol collapse. The remainder of the story is graphically summarized in T. V. Soong's statement referred to in the foregoing. While Chin-

ese military commanders were squabbling over methods of defence, the Japanese were making definite preparations to invade the province. Owing to the mountainous nature of the territory communication, from the standpoint of the Chinese side, was difficult and this added to the general chaos which prevailed among the Chinese troops. Finally when Marshal Chang Hsueh-liang did send responsible commanders, such as Chang Tso-hsiang (ex-Kirin governor) and Wan Fu-lin (ex-Heilungkiang governor) into the province it was too late to rectify the earlier mistakes. Whether Gen. Tang Yu-ling actually was a traitor probably never will be known but his inefficiency and general impotency amounted to the same thing. Many of his subordinate commanders in the cities bordering on Manchukuo, such as Tung Fu-ting at Chaoyang and Liu Kwei-tang at Kailu, apparently went over to the Japanese after the first clash. This apparently was a direct result of long Japanese intrigue in paving the way for their drive into the province. The Tokyo war office has exploited the occupation of Jehol as a great military victory and has made much of their rapid advance into the province, one *Rengo* report calling it the quickest military advance in history. As a matter of fact there was little actual fighting after the border towns had been taken and as for the speedy advance into the province this can be credited to Gen. Tang's excellent motor roads, his one constructive and lasting work in Jehol.

What the next Japanese move will be remains to be seen. With the exception of the pass through the Great Wall at Kupeikow, leading to Peiping, the Japanese are now in command of all the entrances and exits to Jehol and their guns are pointed toward Peiping. There probably are more than 100,000 Chinese troops in northern Hopei south of the Wall, but without leadership, munitions or pay, they are worse than useless from a defence standpoint. Should something happen at Tientsin and Peiping, the Japanese undoubtedly would continue their campaign of conquest into north China and on into the Chahar district which is directly west of Jehol. As a matter of fact there seems to be considerable evidence supporting the view that they will move into Chahar shortly for that would put them securely in command of Inner Mongolia, one of their major objectives. This probably would produce a major political reaction among the Mongolian tribes of Outer Mongolia, a Soviet Russian preserve, hence anything may happen now that the Japanese military commanders are convinced of their invincibility and now are beginning to talk openly about recreating the "Ta-Yuan-Kuo" or almost world-embracing empire of Genghis Kahn.

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Japanese in Practical Control of Jehol

The net result of the Japanese military operations in the province of Jehol is that the Japanese Army is in almost complete possession, and according to present indications the next objective will be the province of Charhar. General Tang Yu-lin has fled, his present whereabouts being unknown, and as a result Nanking, and other parts of China, are ringing with the cry, "Death for Tang Yu-lin." One account stated that General Tang has escaped to the Italian Concession at Tientsin, another that he was seen at Kupeikow and still another that he has gone to Fengning, south-western Jehol. From all accounts the principal objective of this opium-trading general when the Japanese Army drew near was to get away with as much wealth as he could. According to one account, on March 3 he commandeered several hundred trucks at Jehol city belonging to Marshal Chang Hsueh-liang, loaded them with his personal belongings, and sent them to Kupeikow. There the Marshal's troops, on discovering the facts, turned out General Tang's stuff and sent the trucks back to Jehol. General Tang's pussilanimous conduct caused serious inconvenience to General Oong Chao-jen, of the 19th Route Army who had gone to Jehol to take part in the defense and who was left without transportation for artillery ammunition. A Chinese official communique complained of the vast number of Chinese traitors sent into Jehol by the Japanese as spies and to cut communications. Twenty of these spies were reported to have been caught and executed.

The Japanese placed their flag on the Great Wall March 4, when the Yoneyama contingent captured Lengkow at noon. Lengkow is one of the most important passes of the Great Wall, not far from Chienchangying and about 140 miles from Shanhaikwan.

Retreating Chinese soldiers and refugees caused an unprecedented congestion on the highway leading from Chengteh to Kupeikow, to such an extent that traffic in the other direction became impossible. Marshal Chang Hsueh-liang's troops were reported to be preventing the entry into Chihli Province of some of the hordes of defeated Chinese soldiers from Jehol. All those who were allowed to enter were deprived of their arms. A spokesman for the Marshal stated that China had raised funds and gave them to the Volunteers and General Tang Yu-lin's troops to defend Jehol and they had refused to fight; therefore, they would not be allowed to pass through Kupeikow, but would have to remain and "fight to a finish" in according with their oft-declared intention.

The Fall of Chihleng and Lingyuan

Chihfeng and Lingyuan the two crucial points in Jehol province fell into Japanese possession in rapid succession between March 1 and 3. The Japanese Army entered Jehol City (Chengteh) at noon on March 4, the Chinese troops withdrawing and retreating southward towards the Great Wall with the passes at Hsifeng and Chiehling as the objectives. The Suzuki Brigade, which had bivouacked for the night not far from Jehol City, struck out for the provincial capital in the early hours of the morning. Meanwhile, the main body of the Suzuki Brigade, which was following up the spearhead from Pingchuan, hurried forward to assist in the pursuit of the retreating Chinese forces. The real strength of the Japanese lay in their bombing planes which spread terror among the Chinese troops and populace alike. The Chinese had no adequate means of defense against the planes, even if they had the heart to make a stand.

The Japanese telegrams spoke of the amazing rapidity with which the Japanese forces moved after occupying the once imperial city Jehol with its magnificent palaces, temples and gardens testifying to the glory of departed emperors, the Japanese troops hotly pursued the Chinese forces, which carried out a full retreat southward towards the Great Wall. The Japanese halted their advance at Linkou, a small town nestling by the Great Wall on the caravan and motor road linking Jehol City with Peiping.

Before forcing their way into Jehol City, the Japanese vanguard encountered 3,000 Chinese troops entrenched at Tienchaoshan, east of the provincial capital. After fighting, the Chinese were routed, leaving a number of guns, machine-guns, horses and munitions in the hands of the Japanese.

The only really bright spot in the Chinese defense was the resistance put up at Kupeikow, where Japanese artillery and bombing planes up to March 7 had failed to dislodge the Chinese defenders. The Japanese made good use of armored cars in their attacks. The fighting was particularly heavy at Sanshienfang, about eight miles east of Kupeikow.

A Japanese message from Chengteh March 8 stated that Kupeikou fell into the hands of Nagase detachment at noon that day. The Kawahara continent launched a general offensive on Kupeikou , early in the morning assisted by some airplanes, and several hours later the Nagase detachment dislodged General Wang I-che's troops, the latter flying in confusion towards Miyun. This enabled the Japanese troops to advance straight into Kupeikou.

General Chiang Kai-shek Proceeds North

A new complexion has been injected into the northern situation by the arrival of General Chiang Kai-shek in the Peiping area, the trip north having been taken in response to insistent demands from all parts of the country. The telegrams stated that he stopped at various points enroute to mobilize troops.

The generalissimo left Nanchang by airplane on the afternoon of March 6, going as far as Hankow, whence he proceeded north by train on the Peiping-Hankow railway. Just what active measures will be instituted by General Chiang in regard to military operations remains to be seen, but the trip has great significance in other directions. Generals Chiang Po-ching and Yang Chieh preceded the Generalissimo to Peiping to act as his bodyguards. Immediately upon their arrival in the old capital they, together with General Ho Ying-ching, Minister of War, called on Marshal Chang Hsueh-liang, with whom they conferred. General Ho later proceeded south to meet General Chiang, and accompanied him up north from Paotingfu.

An order for the arrest of General Tang Yu-liang, deserting chairman of Jehol, was officially announced in Peiping March 7 together with the appointment of General Wan Fu-lin, former chairman of Heilungkiang to the chairmanship of Jehol.

Much speculation is in evidence as to the position and attitude of General Feng Yu-hsiang, of whom little has been heard of late.

Reported Arrest of Chu Ching-lan Unconfirmed

A recent report from Peiping stating that General Chu Ching-lan, who was in charge of the Volunteers in Jehol, has been arrested by order of Marshal Chang Hsueh-liang cannot be confirmed.

It is pointed out in circles in close touch with General Chu that the aged general handed over the command of the Jehol Volunteers to Marshal Chang when the Jehol War started and he could not assume any responsibility for the collapse of the Jehol defence.

Shanghai Garrison Commander Says Chang Should Resign

Interviewed by the press, General Tai Chi, Garrison Commander of Shanghai and Woosung, who played a conspicuous role in the Sino-Japanese conflict round Shanghai last year, declared March 6 that, although General Tang Yu-lin was responsible for the fall of Jehol, Marshal Chang Hsueh-liang could not escape the condemnation of the whole country.

General Wan Fu-lin had a very narrow escape from death March 6 while riding on horseback with three officers and was between Pingchun and Hsifengkow when Japanese aeroplanes dropped a bomb within twenty yards. General Wan's horse was killed beneath him while his three officer companions were all killed instantaneously. General Wan Fu-lin was badly shaken but he was otherwise unhurt.

Situation at Shanhaikuan Critical—Tension at Peiping

An official communique declares that the situation is critical at Shanhaikwan. More Japanese troops, it is stated, are arriving by train, while Japanese planes are daily reconnoitring over the Chinese lines. Considerable bodies of Chinese troops arrived in the Shanhaikwan area March 5, including, two divisions belong to General Chiang Kai-shek.

General Nakamura, the Japanese Commander at Tientsin, has several occasions reiterated a demand that the Chinese troops these should be withdrawn, basing his demand on the Boxer Protocol.

The Japanese have announced that they reserve the right to take effective measures to protect Japanese lives and property as and when they think fit. There is still much tension in Peiping. *Reuter* says it is almost impossible to find a Chinese who believes that the Japanese will stop at the Great Wall, despite the fact that the local Japanese authorities ridicule the suggestion that they will come inside.

Views on a Possible Sino-Japanese Diplomatic Break

While some disagreement appears to exist at Nanking Government leaders regarding the advisability of severing diplomatic relations with Japan, an "eminent Chinese jurist" in the course of an interview granted to the official *Central News Agency* March 6 pointed out various questions regarding which he urged careful consideration by the Chinese Government before taking final action, among them being whether it will be possible to force the return of Japanese consular and diplomatic representatives residing in foreign settlements in China after the severance of diplomatic relations; whether it is possible to recover Japanese concessions in China by the severance of relations; whether it is possible to compel the departure of Japanese warships from Chinese waters; and whether it is possible to dislodge Japanese troops from Chinese territory.

General Ho Ying-ching Surprised at Debacle

In the course of a press interview in Peiping upon his arrival there from Nanking March 5 General Ho declared that the purpose of his trip was to inspect conditions in north China as well as to confer with the northern military authorities concerning resistance against the Japanese. General Ho said that he learned of the loss of Chengteh while he was on his way to Peiping. He was greatly surprised as he had expected the defence forces to hold out for a much longer time. However, there being still over 100,000 troops in Jehol, the Chinese must make efforts to recover the ground lost by making a counter-attack. General Ho declared also that those commanders who had retreated without putting up any fight must be severely punished.

Proclamation Warns Against Treachery in Hankow

A proclamation has been posted up in the Native City at Hankow, regarding the maintenance of peace and order, the principal provision of which is:—"Any treacherous person or ruffian who commits a serious criminal act in an attempt to break peace and order and/or which is disadvantageous to the Government and community, either at the instigation or bribery of others, or under the direct order of others, or in their name shall be decapitated without pardon."

Dr. C. C. Wu Says British Arms Embargo Is Unfair to China

Commenting upon the British Arms Embargo against both China and Japan, Dr. C. C. Wu, Chairman of the Special Foreign Relations Committee, intimated in a recent interview that the Chinese Government is making representations to the British Government against the embargo. He said that although apparently impartial, the embargo was really unfair to China, as it will hurt China infinitely more than Japan. He pointed out that Japan is herself an arms manufacturing country and moreover has considerable supplies on hand. Besides, Japan has also placed large orders for arms and ammunition with British firms, and these orders will not be affected by the embargo. On the other hand, China depends solely upon imports for her supply of arms. The effect of the embargo will thus be to punish China and aid Japan in her aggressions. Dr. Wu further pointed out that since the League has clearly pronounced Japan the aggressor, it was grossly unfair for Great Britain, as a member of the League, to include China in the embargo.

In reply to questions, Dr. Wu said that he advocated immediate recall of the Chinese Minister at Tokyo; meanwhile preparing for formal severance of diplomatic relations. He pointed out that while recall of the Minister does not amount to severance of diplomatic relations, the latter step will have to be taken sooner or later. Severance of diplomatic relations is however a question of grave import and it would be reckless to resort to such a step without first completing the necessary preparations, Dr. Wu pointed out.

Nanking Kuomintang Protests Against Arms Embargo

The Nanking District Party Headquarters and other local civic organizations have jointly despatched a cablegram to Ramsay MacDonald, the British Premier, urging revision of the British arms embargo against both China and Japan. The message points out that the League having already proclaimed Japan as the aggressor, it would be incompatible with the League Covenant for the British Government to include China in the embargo. Moreover, the embargo will hurt China infinitely more than Japan. The message recalls that according to Article 16 of the League Covenant, the member-States must take concerted and effective measures against the Covenant-breaking Power.

T. V. Soong Explains the Jehol Debacle

The following official statement by T. V. Soong, Acting President of the Executive Yuan, was issued by the Kuo Min News Agency March 5.

"When I returned from my visit to Jehol, I was asked by various military leaders how long in my opinion the province could be defended. I replied from a week to ten days. I was received with polite but incredulous smiles. 'It would take the Japanese army several weeks to march through Jehol even if they encountered not a single shot,' they said. My answer was 'But the Japanese army is not going to march on foot.'

"Steeped in the traditions of the old-fashioned warfare where vast armies marched and counter-marched with but little bloodshed and do most of the fighting with telegrams and proclamations, our military minds could not imagine the modern battle with its weeks and months of ceaseless preparations behind the front so that the decisive-issue could be developed into crescendo in the space of a few days. Our generals who strut about in field-grey uniforms with Sam Brown belts neglect that one universal principle of warfare enunciated by our greatest strategist, 'Soldiers are trained for a thousand days to be employed for a single day.'

"Nevertheless, and in spite of it all, I maintain that we did right in fighting at Jehol, if only to prove that Jehol is Chinese territory momentarily to be filched by a stronger enemy. At least Jehol did not go by default. In ordering the troops to fight a hopeless battle the Government could quote in its defense the deathless lines of Rostand:

'Is it alone for victory that we fight?
A battle lost holds hopes as fair and bright.'

"On the one hand, there was the highly mechanized Japanese army with a railway system at its back, and plentifully supplied with ammunition and foodstuffs, with a transport system worked out to the last detail, for months on end piling up supplies for the thrust that employed squadrons of airplanes, tanks, armored cars, mountain guns and highly mobile cavalry. On the other hand, I saw an army with no staff work, with the generals staying hundreds of miles behind, with no transport except of the most primitive sort, which took several weeks for supplies to reach the front, no liaison between the different commands, no anti-aircraft guns and trenching materials or artillery, and soldiers trained only in drill ground rudiments. When battle develops with enemy airplanes skimming about at will, bombing and machine-gunning, and enemy artillery showering death, the same defiles of Jehol which, if well and scientifically defended may prove impregnable, for these conditions become veritable death-traps. And when there is no unity of command, when the terrible *sauve qui peut* arose, there was nothing that could be done and the passes become choked with defenseless humanity.

"Now that the debacle has come, the public demands scapegoats. There will be scapegoats, and it is all as it should be, but in all conscience the lesson of the Jehol campaign should make us think furiously. The blame lies not so much with individuals but in the system which permits the existence of vast armies of ill-fed, ill-armed and ill-trained soldiery which in time of crisis degenerate into helpless mobs. In any other country for the purpose of national defense the flower of the country is employed. With our imperfect educational system the bulk of our youth is not educated so as to make good material for modern scientific warfare. But even of the small band of competents very few have been drawn into the army. Until our military leaders could be made to discard 18th or 19th century conceptions of warfare and begin training a modern army in earnest, so long will the national defense be lacking.

"But we need not despair. Out of the depth of our defeat, with the unconquerable courage that the nation has been showing in face of frequent disasters there will arise from the anvil of Japanese aggression something strong and pure, for great nations must be forged with blood and tears.

"This time last year the world was hailing the epic of heroism that was the Chinese soldier at Shanghai; today it looks with wondering eyes on the rabble fleeing back to the gates of Peiping. These two came from the same stock; only the one quickened by a spirit of nationalism, and the other corrupted and paralyzed by the taint of archaic and incompetent military professionalism."

Chang Hsueh-liang Blamed for Fall of Jehol

The precipitate flight of the troops in Jehol province has caused a feeling of disgust throughout the country. There is a growing demand that Marshal Chang Hsueh-liang should be eliminated.

In taking up and discussing the various excuses for the defeat, the *Sin Wan Pao* observes that "the way the Chinese forces retreated is certainly astonishing. Mukden was lost because no resistance was offered; Heilungkiang was lost because General Ma Chan-shan was unable to receive reinforcements, but the Chinese military authorities in Jehol made prolonged preparations for the defense of that province. It is said that the Japanese airplanes have done most of the fighting that the province was too rough for easy military transport, and, therefore, the Chinese troops often felt a keen shortage of supplies. But these reasons are foolish, for airplanes can do little damage in mountain warfare and how is it that the Japanese could rush supplies to the front and the Chinese could not."

After recalling that the fall of Chinchow and later Shanhaikwan came after the Chinese military authorities had declared that they would resist to the end, the *Shun Pao* lays the blame for the disastrous defeat in Jehol squarely and solely upon the shoulders of Marshal Chang Hsueh-liang. "The authorities have no excuse for the fall of Jehol," this paper observes. "It is impossible to hold General Tang Yu-lin or others responsible, for they are Marshal Chang's subordinates.

"Marshal Chang Hsueh-liang is solely responsible for the defeat of the Chinese forces in Jehol because he ranks as the highest military commander in North China," Sun Fo, president of the Legislative Yuan, is reported by the *China Times* to have told press representation at Nanking.

Mr. Sun, according to the *China Times*, declared that when the war first started the Government, as well as the people, thought the troops at the front could at least hold on for three months; even Chang Hsueh-liang believed they could for two months. The fall of Jehol in 10 days seemed unthinkable. Nobody would believe that, in face of their very rapid advance, the Japanese had encountered much resistance. It must be due to Chang's "non-resistance" policy, he said.

The President of the Legislative Yuan added that, although the Government must mete out severe punishment to General Tang Yu-lin and all the other military commanders who had failed to put up a stiff resistance against the Japanese Chang Hsueh-liang could not be immune from punishment because he is the highest military commander in North China. Chang Hsueh-liang was responsible for the loss of Manchuria in one day, and now he has lost Jehol! The best policy of Marshal Chang to adopt is to resign, so as to enable the Government to appoint some one else to take his place. "So long as Chang Hsueh-liang remains in power, there will be no hope for the Government to consolidate the situation in North China," Mr. Sun declared.

Finally, Mr. Sun expressed his hope that General Chiang Kai-shek would proceed to north China immediately, leaving the anti-Communist campaign to the charge of the troops in Kwangtung, Kwangsi, Fukien and Hunan.

Chang Hsueh-liang Resigns from All Positions

Marshal Chang Hsueh-liang has resigned all his posts. Marshal Chang, in his telegram of resignation to the government accepted the blame for the loss of Jehol. He pointed out that there were several causes for the loss of Jehol Province, but among them were his failure to inspire confidence and his failure in the direction of the campaign.

Japanese Competition Felt by Italy

Joint European action to meet the "menace" of Japanese competition in Europe was urged in a report to the Italian Chamber in Rome March 3. The report declared that several important branches of Italy's export trade (cotton, silk, rayon and wool) were being progressively ousted by "invincible" Japanese competition, which had now reached the Mediterranean and even some Italian colonies.

President Roosevelt Takes Hold With Firm Hand

Dictatorial powers as sweeping as those which would be granted him if a foreign foe invaded the United States were requested by President Franklin D. Roosevelt, in his inaugural address at Washington March 4—this provided Congress, which was called for an extra session beginning March 9, fails to enact measures that he deems necessary to restore normal conditions.

"I am certain that my fellow Americans expect that I shall address them with the candor and the decision that the situation in this nation impels," the President said in opening his address.

"This is prominently the time to speak the truth, frankly and boldly, nor need we shrink from honestly facing the conditions.

"This great Nation will endure as it has endured and it will revive and prosper so first let me assert my firm belief that the only thing we have to fear is fear itself—nameless unreasonable, unjustifiable terror which paralyzes the needed efforts to convert a retreat into an advance."

Almost at the beginning of the address President Roosevelt asked that the people give him the same support that they have always given to leaders in emergencies.

"I am convinced that you will again give your support to leadership in these critical days," he said.

"In such spirit on my part and yours, we can face the common difficulties. They concern, thank God, only material things. Values have shrunken to fantastic levels. Taxes have risen and our ability to pay has fallen. The Government is faced with a serious curtailment of income. The means of exchange are frozen in the currents of trade and the withered leaves of industrial enterprise lie everywhere. The farmers can find no markets. The savings of thousands of families are gone.

"But what is still more important, a host of unemployed face the grim problem of existence and an equally great number toil with little return."

While the President detailed the Nation's troubles Vice President John N. Garner, gazed intently downward. He was visibly affected by the recital of conditions and did not smile throughout the address.

The President then turned to the possibilities of a brighter side to the picture.

"We still have much to be thankful for," he said.

"We have plenty on our doorstep but a generous use of it languishes in the very sight of the supply—because the rulers of exchange in Mankind's goods failed through their own stubbornness and incompetence and now have admitted their failure and abdicated."

Social values are more noble than monetary profit, the President said and the measure of restoration lies in the extent to which these social values are applied. In this statement he was striking at some of the features in the American banking system which have proved so unsatisfactory.

Callous Banking

"There must be an end to the conduct of banking business which too often has given to a sacred trust, the likeness of callous, selfish wrong doing," he continued. "However the restoration calls not for changes in ethics alone.

"This Nation asks action and action now."

This statement was the first that drew more than a courteous measure of applause from the crowds in front of the Capitol and along Pennsylvania Ave. The President then outlined some of the measures he proposes for recovery.

"Our primary task is to put the people to work" he said. "This can be accomplished partly by direct recruiting by the Government itself treating the economic situation as it would treat an emergency of war."

Government projects which will stimulate the development of natural resources, is not enough, the President believed and great private endeavor should accompany it.

He admitted that the problem is complex and difficult but declared he gladly accepted the responsibility of leading the effort to solve it.

Power of Purchase

"We must frankly recognize the over-balance of our population in industrial centers," he said, "and endeavor to provide better use of our land and raise the value of agricultural products. Thus we will raise the power to purchase.

"This program can be helped by preventing great losses thorough foreclosures and insistence on the Federal State and local governments' drastically reducing costs."

The losses can be stopped and great amounts saved and gained, the President said, by National planning and supervision of all forms of transportation, communications and other utilities which are definitely of a public nature. There must be strict supervision of financial institutions also, the President declared.

"There must be strict supervision of all banking, credits and investments and we must put an end to speculation with other people's money.

"There must be a provision for adequate sound currency."

This reference drew more comment around the world than any other part of the address and those who had waited for the President's stand on inflation were puzzled. The use of the word "adequate" caused whispers to spread through the great outdoor audience. The President did not amplify it however.

Needs at Home

"These are the principal lines of attack," the President continued, "I shall presently urge upon the new Congress in a special session, detailed measures for fulfilment of this program. I shall seek immediately the assistance of several of the States in the work of putting the National house in order and in making income balance outgo.

"Our international trade relations though vastly important, are in point of time and necessity, secondary to the establishment of a sound National policy.

"I shall spare no effort to restore World trade by international economic readjustment but the emergency at home cannot await that accomplishment.

"In the field of World policy I would dedicate this Nation to the policy of the good neighbor, who resolutely respects himself and the rights of others—to the neighbor who respects his obligations and the sanctity of his agreement."

As he drew near the end of his address the President pleaded for national discipline and urged everybody to sacrifice for the common good.

"This will make possible a leadship which aims at the larger good" he said. "This I propose to offer."

Disciplined Attack

"With this pledge taken I assume unhesitatingly the leadership of this great army of our people, dedicated to a disciplined attack on the common problems. I am prepared in accordance with my Constitutional duty to recommend such measures on behalf of a stricken Nation in the midst of a stricken World, as may be required.

"For these measures or such other measures as the Congress may build, I shall seek and urge a speedy adoption.

"But in the event that Congress shall fail to take one of these courses and in the event that the National emergency is still critical, I shall ask Congress for the one remaining instrument to meet the crisis—broad executive power to wage war against the emergency—as great as the power that would be given me if we were invaded by a foreign foe.

"We humbly ask the blessing of God that he may protect us all and that he may guide me in the days to come."

Samples Post Air Service Inaugurated

A samples-post service has been inaugurated by the China National Aviation Corporation on all three of its air routes, namely, the Shanghai-Hankow, Hankow-Chungking and Shanghai-Peiping Airways. Packages are accepted for delivery both at the post-offices and at the Shanghai office of the Corporation.

Siam Denies Allegations Regarding Arms for Japan

A communique issued by the Siamese Legation in London March 4 declared that the policy of the Siamese Government is to remain neutral in the present Sino-Japanese controversy. For this reason it added the Siamese representative at Geneva abstained from voting on the Report of the Committee of 19 and the rumors that the Siamese Government is acting as an agent for Japan in the purchase of arms, or in any way otherwise aiding Japan, is entirely without foundation.

Chiang Kai-shek Urged to Discontinue Anti-Red War: Fight Japanese!

BY C. Y. W. MENG (孟長泳)

BEING as big as Germany and France combined and rich in all natural resources, the acquisition of Manchuria by any power will be sufficient to allow that power to dominate the world. So at the end of the last century, we witnessed the first Sino-Japanese war on Manchuria. At the beginning of the present century, we witnessed the first Russo-Japanese War on Manchuria. At present, we witness the "Second" Sino-Japanese War on Manchuria!

Through her first two victories, Japan got part of Manchuria. If Japan wins out in the "Second War," it means the complete annexation of Manchuria by Japan!

When China is in a chaotic and disorganized state, and Russia is too busy with her internal revolution, Japan thought that both China and Russia have forgotten their Manchuria, so Japan could go ahead and negotiate with the local authorities for agreements to further the Japanese interests. But when the prospects of peace in China became brighter than before, Japan began to feel uneasiness and had to take steps to stir up internal strife in China. When the Nationalist movement in China was crystalized in the formation of a Nationalist Government in Nanking, Japan began to "worry" about her neighbor. When the Manchurian authorities actually declared their allegiance to the Nanking Government and hoisted the Kuomintang flag, Japan decided to take away Manchuria from China, lest it would be too late. Such is the situation which led has to the present Sino-Japanese conflict.

The Fundamental Cause of the Conflict

The Japanese theory and conception is that the existence of Japan is conditioned upon the weakness of China, recalling the old days in the 13th century when China, having attained her naval supremacy, made an attempt to suppress the "dwarf rebels." As Japan is in many ways in a disadvantageous position, such as shortage of raw materials and natural resources, limited size of her empire, the impossibility of finding any colony in other parts of the world, she has looked upon Manchuria as the only uncolonized district in this universe and has decided to take it from China at all costs. So Japan is happy when China is in a chaotic and disorganized state, because it gives Japan a good change to encroach upon Manchuria through economic penetration and political exploitation. Japan does not like to see a united China, and is even willing to resort to armed conflict with China, when China is working toward an 'organized state'—a fact just contrary to what the Japanese diplomats and propagandists have told the world, namely that Japan is fighting for peace because ,'China is a disorganized state"!

Such is the fundamental cause of the present Sino-Japanese conflict. Such is the importance of the present conflict; for if Japan could succeed in taking Manchuria from China, after a few decades of developments, Japan could easily become the strongest power in the world, both militarily and economically. If China could win out in the battle, China could recover the "lost territories," not only Manchuria, but also Korea, Formosa, etc.—the "Alsace-Lorraine" of China!

Japan Defeated in Geneva

The Sino-Japanese conflict occurs in two places, one is in Geneva, that is the diplomatic phase of the conflict; and the other in Jehol, that is the military phase of the conflict. With the adoption of the Report of the Committee of 19 by the League Assembly which is quite a fair one, the close of one chapter of the Sino-Japanese conflict is reached. As pointed out by Dr. Wellington Koo, the Chinese delegate to the Geneva Conference, "the centre of gravity had shifted from Geneva to Jehol." Needless for us to point out that our diplomats have done their best and have carried out their mission admirably. It is now clear that the situation could not be saved by diplomacy alone, and China Japan have to fight the way out, and that China's hope to save Manchuria is in the hands not of her diplomats but her militarists!

Causes of the Defeat

As all observers know, Jehol is a mountainous country which is easy to defend and hard to attack. One wonders why 200,000 men could not stop the advance of the invaders, and why all strategetic places, were given up in rapid succession! According to our information, three reasons might well explain the whole situation, and they are:—

1. Lack of unity of commands,
2. Shortage of supplies, due to poor means of communications, geographical location of Jehol.
3. Lack of harmony between the local forces and those coming into Jehol from other provinces.

Needless for us to dwell much upon the importance of the Jehol struggle. It is really a "life-and-death" struggle to both China and Japan. If Japan could occupy Jehol, Japan might well go ahead and annex Manchuria. If China could still hold Jehol, there would be some hope for China to recover Manchuria, because there is still one passage open leading to Manchuria. On the other hand, Jehol, if once lost, is not recoverable, partly due to its geographical situation favorable to defense; and partly due to the fact that the Japanese, after occupation, are surely to put up defensive works, making Jehol impregnable to any outside attack.

A Good Chance for General Chang Hsueh-Liang

Gen. Chang Hsueh-liang, due to his non-resistance policy, which was responsible for the loss of Three North-Eastern Provinces (Manchuria) in a rapid succession, has been bitterly condemned by the nation. He has been termed a traitor because he is accused of having "presented" three of China's biggest and richest provinces to Japan. He has been termed an ungrateful son of Marshal Chang Tso-ling, for he never thought of taking revenge against the murderers of his father. But he recovered part of his fame by his timely telegram declaring his readiness to resist any invasion—which he issued shortly after the visit of T. V. Soong, the acting president of the Executive Yuan, to Jehol. The present moment is certainly the best one for him to redeem himself of his past with the nation by leading his armies to go to the front to fight the Japanese. But, so far, the Young Marshal only talks of his going to the front, but actually he has not gone there!

General Chiang and the Present Situation

General Chiang Kai-shek, the present chairman of the Military Affairs Committee, who is really the only man who could command the respect of all generals in the country and is the only one who could direct the operations in the North, is still in Kiangsi to conduct the so-called Anti-Communist Campaign, on the theory that "to oppose the foreign aggression from outside it is necessary first to pacify the country within." For this reason, during the past years, 20 of the best divisions of China's armies have been thrown to fight the communists and bandits in different places. Large portions of the national revenue have been devoted to the suppression campaign. Not a single division of the army was ever sent to the North, leaving only the "volunteers" to fight with the well-equipped invaders!

On numerons occasions have called the attention of the Government to the fact that the uprisings of the Communists in the country are not so much due to the Red agitation but rather largely due to the economic conditions in the country and the rural bankruptcy of the Chinese farmers; that the Communist or bandit problem is essentially an economic, not a military problem; that by adopting guerrilla form of fighting in the mountainous places, and being so uncertain in movements, and so extensive in action, it is better to "pacify" (撫) them rather than to "suppress"(剿) them; that due to the present Sino-Japanese crisis, the Chinese statesmen should take advantage of the situation to unite all elements in the country, including the Communists, to present a united front against the foreign aggression; but not to start another military campaign within; that inasmuch as it is impossible for the Government to face the foreign aggression and the Communist menace at the same time, the only alternative is for the Government to stop the Communist suppression campaign and to talk terms with the Communist leaders; and that we have further tentatively suggested some of basic principles for an agreement between the Government and Communist leaders, which may by summed up as follows:—

1. The Communist leaders shall abolish the so-called Soviet regimes in all parts of the country which they have set up.

2. The Communist leaders shall cease to take steps endangering the security of the State and causing embarrassment to the Central Government.

3. The existence of the Communist party as a political party in the country shall be permitted and its lawful activities shall be permitted.

4. The Communist party may play politics, just as other parties do, but shall refrain from engaging in outrageous actions, such as disturbing the public peace, etc.

In suggesting the above principles, we are of the opinion that to allow the existence of the Communist party as a political party is materially different from the "admission of the Communists into the Koumintang." Nor does it mean that China is become "communistic." There is a Communist party in Germany, in the United States, and practically in every country. In the time of political election, the Communist party is just as active as the others. The authorities suppress them only when they stage riotous demonstrations. In view of the popularity, organization and long history of the Kuomintang, we believe the Kuomintang would not have any difficulty in defeating the Communist party in political contests. This is the only way to free the Government from the Communist menace, and to enable it to cope with the outside aggression.

Gen. Chiang's Going to the North Urged

The Association for the Support of the Chinese Volunteers who are now fighting with the Japanese in Manchuria, held an urgent meeting in Shanghai on Feb. 28. Among many other important resolutions adopted, two are the most outstanding ones. That is, to appoint representatives to interview General Ho Ying-ching, the Minister of War, to urge the Government to decide upon definite military plans to cope with the Japanese invasion; and to send an urgent telegram to General Chiang urging him to immediately go to the North to direct operations against Japan.

The Professors' Club in Shanghai also held a meeting and decided to send an urgent telegram to General Chiang, saying that if General Chiang could go to the North to direct the operation "our victory is without question."

Reports from Peiping had it that in the North people are hoping very anxiously that General Chiang will lead the central armies to the North to fight the Japanese, adding that, in an urgent telegram to General Chiang the people in the North have asked the General to "weigh which is more important and urgent"—the situation in the North or in Kiangsi, and further urged General Chiang to "quickly proceed to the North," saying that General Chiang's going to the North to direct operations would have the very effect of convincing the 70,000,000 people in the North that the Central Government is "sincere" in fighting for the recovery of the lost territories.

Eugeue Chen, the former Minister of Foreign Affairs, referring to the Report of the Committee of 19 said that should China decide to take back the lost territories force should be used; adding that "should General Chiang lead his armies to go to the front to fight, it would create a far better impression on China in Moscow, Washington, and Geneva, and its effect would be far greater than that of the Report of the Committee of 19."

There were many other telegrams despatched by Chinese bodies in the past week, all urging General Chiang to go North. By urging General Chiang to go North, we are further supported by the following reasons:—

1. General Chiang's presence in the North would greatly strengthen, harden and encourage the soldiers the front.

2. General Chiang's presence in the North would give unity of command under one commander-in-chief.

Leadership Needed

In conducting such an important campaign during such a critical moment, on which hangs China's last hope of recovering the lost territories, it is important to have an organized, systematic and well-planned resistance, and unity of command under the personal direction of one high military official from the Government. At present, many other armies from other provinces have come to Jehol to help the local forces to fight the invaders. The commanders of these troops are by no means unanimous in opinion of defense and are not willing to subject themselves to the other. Any layman will know that such a situation is sure to prove very detrimental to the Chinese defensive works. It is our opinion that it is due to lack of commands and systematic defense works that caused the loss of Jehol. It is also our opinion that General Chiang must himself go to the North; to appoint any other man would not save the critical situation!

3. Being chairman of the Military Affairs Committee, and at a time when the country is at war with one foreign country, General Chiang should take up the affairs under his personal attention and direction, for he is being held more or less responsible for the outcome of the present war by the whole nation.

If General Chiang could proceed North, and the Chinese diplomatic represntative in Tokyo could be withdrawn, a new development of the Sino-Japanese situation would be created which would be more favorable to the Chinese.

Nanking, March 5, 1933.

Sir Frederick Whyte Sees Challenge to West in Far Eastern Situation

Sir Frederick Whyte, former president of the Indian legislative assembly and later poiltical adviser to the Chinese Government, in an address at the Chicago Woman's Club Jan. 26, stated that he regarded the situation in the Far East as a challenge to the Western Nations interested in the Pacific and ominous with the cloud of another great war. He analyzed the situation as a conflict of two sets of rights: Moral and political on the side of China, and legal and economic on the part of Japan.

"It might have been stopped if the League of Nations had taken a definite stand at the right time," he said, "but it has gone now to the point where there are only two things to rely on. One is the moral force of world opinion against the Japanese military actions, and the other is a revolt of the civil population of Japan against the continuance of the militarist policy. Moral force is rather a weak thing to rely upon in such a crisis and no one is prepared to go to war with Japan to enforce these moral views.

"At present the Japanese military apparently have an enthusiastic nation behind them. They have stolen some of the thunder of the communists in holding themselves before the people as their saviors from economic ills and their bulwark against the money power. The Japanese are essentially moderates and I doubt if they ever go to the length that Moscow hopes. At the same time the original stability of Japanese life has been a great deal undermined by western teachings and the Marxian doctrine.

"I think there is no doubt that the moral and political rights of the Manchurian situation are on the Chinese side. But it was the unreadiness, the failure of the Chinese to defend these rights that brought the crisis. The Japanese have substantial legal and economic claims.

"It is a challenge to all of us regardless of the League Civilization set out to apply to the international sphere its principles of law, liberty, freedom. Are we prepared to stand by these ideals? If we fail the alternative is a war worse than the last."

Y. M. C. A. to Help in War Relief Work in North China

The Young Men's Christian Associations all over China are be mobilized for war time service and a National War Work Council is being organized to carry out a program of non-combatant services for the Chinese troops in Jehol and North China.

The National War Work Council will comprise all the presidents of the 47 cities and 100 student associations in the country, and will have at its command a working force of about 280 Y.M.C.A. secretaries and 36,000 members, many of whom have had experience in war work in France during the Great War.

The following persons have been asked to serve as members of the Executive Committee of the National War Work Council: K. F. Chang, chairman of the Y.M.C.A. National Committee; C. Chen, manager of China Travel Service; L. T. Chen, director of Extension Department of Kincheng Banking Corporation; L. D. Cio, associate general secretary of the National Christian Council; Dr. Fong Sec; George C. G. Hoh, Chinese manager of the Realty Investment Company; T. N. Lee, China State Bank; Dr. John Y. Lee, Asia Electric Company; Dr. Herman C. E. Liu, president of the University of Shanghai; J. Usang Ly, president of Chiao Tung University; Pao Wei-kan, University of Shanghai Y.M.C.A.; William Sung, dean of St. John's University; Y. S. Tsao, British-American Tobacco Company; and S. U. Zau. Two representatives of the National Committee, Dr. P. F. Nan and D. W. Edwards, are now in Peiping.

Racial Discrimination: Main Cause of Sino-Australian Trade Decline

BY WM. J. L. LIU*

'TRADE with China' is a term frequently used by Australians without realising how opposite its significance may be in China. Without taking into consideration how the Chinese residents in Australia view it, without a thought of what Australian returned Chinese men and women, now in China, are saying, we are simply told that "Trade with China" can be speeded-up.

One fact which is not generally recognised is that former Australian Chinese residents can wield considerable influence in Australia's favor in the land of the Chinese Republic, otherwise Australia would not have lingered so long in grasping the opportunity to cultivate that dormant influence. Apathy in that regard has lost to Australia many useful and beneficial contacts. Many of these former residents are to be found in the official, educational and economic life of China and they, together with their compatriots in the various parts of Australia, are valuable mediums to foster reciprocal and sound trading relationship between Australia and China. The womenfolks also are in a unique position to further Australian interests, were they encouraged to do so.

The Eastern Trade Promotion Conference which is being convened by the Minister for Commerce (Mr. Stewart) to open in Sydney on February 7, is opportune indeed. At this Conference proposals for reciprocal trade agreements with China, Japan, Siam and other Eastern countries will, as reported, be the chief subjects on the Agenda. The Australian Press and those interests desiring larger exports view this coming conference with a hopeful outlook. Importing houses look to reciprocal agreements to extend their businesses.

China, Japan, Siam and other Eastern countries cover a very wide scope for deliberation by those gentlemen who have been invited to confer at this conference. Probably, the Minister will satisfy himself by announcing the policy of his Government for the information of those interested, invite general discussion and lay a basis for sectional committees to be formed to go into respective sectional interests—*i.e.* Wool, wheat, flour, meat, dairy produce, fruits and manufactured and semi-manufactured lines, to confer with the respective foreign national groups in the directions in which they are respectively interested.

The Appeal for Co-operation

The appeal of the Minister for the co-operation of the commercial interests to assist the Government in devising means whereby Australian trade can be expanded is welcome. This, I take, to be an invitation to the respective nationals of the countries concerned in common with the sectional interests of the respective trades.

The Press has told us of several of Sir H. W. Gepp's recommendations and while the Government, with the assistance of the sectional trade interests, can adequately tell those Eastern countries what it desires to sell to them and probably go a fair distance in saying approximately what it is prepared to take from them respectively, there still remains a little gap to be bridged to ensure success. The aspirations of those countries with which Australia desires to increase her trade must be considered. Those aspirations can best be outlined by Nationals of the respective countries concerned.

While Chinese commercial interests in the other Eastern countries adjacent to Australia are large and worthy of some independent consideration, apart from the aspect that they are domiciled and trading in foreign lands, let us deal with the Sino-Australian issue in relation to the forthcoming conference.

The Editor of *The Sun* in his editorial on December 30 dealing with "Australian Trade in the East" opened his statement with this sentence:—

> "It may be that in the joyous days when everybody had plenty of money, besides doing those things which we should not have done, we left undone things which we should have done."

Further, he pointed out that—

> "Trade representations, so far, have not been conspicuously successful. The errors of the past should not be continued, etc."

Those statements give food for thought. Our Chinese residents in Australia would have proved useful counsellors in respect to the Sino-Australian trade, had their advice and co-operation been sought. In this coming conference many will be apathetic because Australian apathy towards them has been their portion in the past. In other words, it was not for them to beg to be consulted and they naturally will not push their ideas on people who may claim to be above advice. That is the traditional characteristic of the Chinese people. That there has been a reluctance to co-operate with both Chinese residents in Australia and these who have left Australia to return to their homeland, there is no doubt.

Had the late Mr. Suttor who represented N. S. W. in the East for so many years, *i.e* during early Federation days, followed by Mr. Little in later years on behalf of the Federal Government been encouraged, and conditions made possible to enlist that co-operation, the trading figures of the past would have been increased. Mistakes are inevitable, however organised a State or a business may be, but we ought to be able to turn past mistakes to profitable account. The quotation of the Editor of the *Sun* is therefore appropriate and opportune.

During past years, the frequent outbursts against the Chinese resulted in many otherwise useful residents remaining in the background. Others left the country. Those who remained following the course of Australian legislation and discrimination, had their days numbered. Many "closed up shop." Others died. To-day we find our position not only weakened, but the community on the point of being destroyed altogether.

The trend of those unhappy events for our Chinese has not changed and the Department, which administers the laws governing the Chinese, as late as 1932 made one of the first regulations governing the control of mining in the "Granite" district in central Australia when the rush was on, the barring of Asiatics and Aborigines from entering that territory. None of our already small numbers would have ventured to this gold rush, but the spirit of that action told the Chinese where they stand in the counsels of those in authority, even though Chinese trade was being clamored for.

Restrictions Against Asiatics

Then, the peanut question illustrates another phase. A perusal of the voluminous correspondence with the department would show how loath Australia is to buy, where she says her prosperity lays in selling. Though we are now importing limited quantities due to crop failure in Australia, the embargo is to be re-applied on March 1.

For many years I have been puzzled to find some way in which China and Australia could be brought to a fuller realization of the possibilities which exist for the two neighboring peoples to develop. When I served at the Chinese Consulate General at Melbourne prior to the world war, I had the opportunity to see the process of our Chinese economic position in Australia becoming worse year by year. By 1917, after experiencing difficulty to maintain our trade through the shortage of freight we entered the shipping business by the purchase of S.S. "Gabo and S.S. "Victoria" and had hoped to revive Sino-Australian interest in larger mutual trade. Our policy coincides on a smaller scale with the recommendations outlined in Dr. Melbourne's 1932 Report on "Australian Intercourse with Japan and China," and notwithstanding our strenuous appeals to the authorities

*The writer of this article is a well-known Chinese merchant in Australia, connected with the Chinese firm, Wing Sang & Co., Ltd., at Sydney. A quite public-spirited citizen, Mr. Liu has always been energetic and enthusiastic in sponsoring the movement for promoting better understanding and better trade relationship between China and Australia. In this article, he pleads tolerance and a liberal policy towards Chinese in Australia on the part of the Australian Government, in order that the good-will of the Chinese thus won will contribute to the business prosperity of Australia. Mr. Liu visited China during the Sino-Japanese Hostilities at Shanghai and returned to Australia last Summer. He is considered to be one of the best informed Chinese residents in Australia on the present Chinese national and international situation, especially in connection with Japan's aggressions in Manchuria.

to encourage our endeavors, our steamers were requisitioned for coastal service. That was disastrous. Our troubles grew and eventually we failed.

Incident after incident multiplied. Modest requests by the remaining Chinese residents for assistance and substitutes to maintain their Australian connections were subject to endless difficulties. Permission—with very few exceptions—for Chinese residents to have the companionship of their families was denied and, even Australian born Chinese who have better fitted themselves to serve Australia and China alike through their sojourn in China, were questioned the right of their re-entry into Australia, because they had been away for a number of years. This was one of the High Court rulings. I could go on relating such negative incidents, all of which unfortunately discouraged the service of these useful Chinese contacts for co-operation in building up larger Australian Chinese trade.

The reason why I have dwelt on this aspect is because therein lies the solution to solve the Sino-Australian problem. Here, Australian authorities, Trade Commissioner, Representative or Agent whoever they may be, can look for effective co-operation, early and permanent results in the good work before the Conference.

Last year, I went back to China, realising that something must be done. As an Australian Chinese, I was anxious to see the prosperity of both Australia and China increase for the mutual welfare of our respective peoples. We are now faced with the stark realities. Can we right them before it is too late? Since my return I wrote an article on "The Chinese-Australian Trading Relationship" which the "Society of Chinese Residents in Australia" (Sydney) reprinted in pamphlet form and distributed among Australian friends. The gist of my views was contained in the words:—

A Plea to Help the Chinese

> "Help the Chinese Community here so they can help your Trade with China."

By helping the Chinese who played so important a role in Australia's pioneering-days, to maintain their economic position in Australia, you immediately enlist the sympathetic appreciation of those former Australian Chinese residents in China who would naturally renew their Australian sentiments and automatically become ambassadors of good will for Australia. Chinese respond quickly to fair treatment.

Imagine your Trade Mission composed of carefully selected representatives, who on arrival in China would inspire the trust and confidence of these contacts. Your task would be made much easier than now. Their confidence in turn would mean the confidence of the Chinese officials, industrialists and commercial men. Your entry into Chinese circles means that goodwill and orders for Australia would be assured.

Another reason why I attach so much importance to this question of the Chinese community's goodwill, is because in a large measure, that is the main avenue in which Australia can reciprocate for Chinese trade. China at present is handicapped by your embargoes and high tariff. Even now China has very little she is able to sell you. With modification of your embargoes and tariff, China will not for some considerable time be able to balance her trade with you. Very far from it. In fact China's oversea trade has been unfavorable for many long years. Last year it was subject to an adverse balance of about six hundred million taels. China depends upon the prosperity of her oversea Nationals, to partially make good that deficit, just as Britain relies upon oversea Britishers and British investments abroad for her financial stability.

You say in effect that in recognition of the interlocked interdependence of international economics, there must be international reciprocity. Australia will adopt reciprocal measures with those nations which are prepared to buy your goods so that your unemployed will find profitable employment. With that accomplished, your farmers and merchants have a more buoyant market for the sale of their products.

The Chinese request is modest. It does not affect the "White" Australia Policy. It only asks the authorities to be liberal enough to establish confidence with those Chinese residents here, the Passport Merchant Class, the Student, the local trader, the gardener, in respect to their families and with those Chinese who have returned to China and desire their China born children to return to Australia to carry on the good work of Sino-Australian co-operation, which is necessary to ensure the well being of both countries.

The Advantages of Reciprocity

The trade Mission that steps ashore in China with a practical gesture of goodwill, say, an announcement that they have come to offer China such and such material reciprocity for what trade they can obtain will succeed. Australia for instance, offering to do as I have suggested would increase her trade with China. Hitherto, the Australian attitude has been to ask for trade on terms that an awakened China is unable to concede.

Will Australia be bold enough to take the lead? If she is, she will impress China as she has never been impressed before. I can enumerate a number of other economic advantages, distinctly beneficial to Australia and I am hoping conditions will be favorable to enable Australia to put them into practical effect. There are numerous ways in which Young Australia could benefit considerably by her friendship with Ancient China.

China will no doubt emerge from her present difficulties as she has in the past. China will recuperate and will be re-invigorated, will offer the world the greatest market. At the present time China needs friendship and practical help. Australia can offer both without detriment to herself.

Within a short period of acting as I have suggested Australia would be known for her gesture all over China. What a wonderful advertisement from the land of birth of Australia's "Chinese Morrison." This practical gesture would reflect the spirit of that great Son of Australia who labored so earnestly for China during the threatened Break-up-of-China in the 1899 period. The hand of a friend in time of need is the hand of true friendship indeed.

In the Prince of Wales' radio appeal on behalf of the desperate plight of Britain's unemployed the other day, H. R. H. said *inter alia*—

> "A great deal of experimental work had been set on foot during the past year and anyone with a good new idea should not be shy of putting it to the test."

That fits in with the position in Australia and to many Australians, my appeal will open a new phase to them worthy of sympathetic consideration in order to assist in alleviating the local situation.

Without much effort Australia can act on the lines I have indicated. The reward will be tremendous. Will Australia back up her gesture of goodwill for the "Trade with China?" Will Australia Grasp This Golden Opportunity?

Sydney, Australia, Feb. 1, 1933.

Manchukuo Signs Contract with South Manchuria Railway

The Manchukuo Government March 1 announced the conclusion of a contract entrusting the South Manchuria Railway with the management of Railways in Manchuria. The contract stipulates that sums due to the South Manchuria Railway in connection with existing railways be merged and converted into a new loan with the railways, except the Mukden-Shanhaikuan Line, as security. Under the terms of the contract the South Manchuria Railway is responsible for carrying out Manchukuo's obligations to third parties in connection with railways including the Sino-British Mukden-Shanhaikuan Railway. No mention is made of the Chinese Eastern Railway.

Central Bank Statement Shows Sound Condition

The Central Bank of China has published in brochure form a statement of its condition as of December 31, 1932. The assets comprise a total cash of $89,332,511.43; reserves against notes in circulation, $39,995,360; loans, discounts, and overdrafts, $7,741,867.23; government securities, $330,460.00; bank premises, $4,773,999.11; furniture and fixtures, $220,099.62; accrued items and accounts receivable, $552,482.16; bills received for collection, $776,672.92; customers' liabilities for letters of credit issued and acceptances and guarantees, $13,677,607.95; and other assets amounting to $1,905,882.83. Total $249,286,943.25.

A Comparison of American and Japanese Naval Strengths

(BY A CORRESPONDENT)

IT has become the general consensus of opinion, especially among the Chinese that, because of the Japanese invasion of Manchuria and consequent accentuation of imperialistic controversies in Asia, the world is on the eve of another world-wide conflagration. At any rate the writer has frequently heard queries to that effect from intelligent Chinese, all wishing to know as to when—in my opinion—that war is likely to start, after all. And whenever I would say that the present conditions of the world, and especially of big Powers, likely participants in the talked-of war, exclude an immediate breaking out of that conflagration, my Chinese friends would seem dissappointed, arguing that the punishment of the Japanese, as violators of all known peace pacts, seems not to be far off.

All seem to agree that the United States will play a far greater part in the future war and that, specifically, the American Navy, now wholly concentrated in the Pacific waters, will be quite sufficient to tame down the outlaw nation of the Far East. I, for one, was of the same opinion until I had made a study of the comparative strengths of both the navies, and as a result of said study have come to the conclusion that the present strength of the American fleet is not sufficient to assure a victory over the Japanese. if and when these countries come to blows. Thus, if the Japanese are to be "punished" for the violation of all known peace treaties, the participation of Great Britain seems to be essential, especially of a part of her navy. Her statesmen foresee this contingency, which might explain why they indulge in Machiavelian tactics at Geneva, tactics directed towards averting that Great Britain "should take the brunt"—and not become involved in anything smelling of danger.

The present maneuvers of the United States Fleet, and extended already for over a year, are in effect misleading so far as the meaning of same concerns the Chinese public, for those maneuvers have contributed nothing actual to the solution of the Sino-Japanese dispute although they may have been intended to influence the situation. As a matter of fact the maneuvers did not prove to be a retarding measure for the Japaneses warlords, for they have proceeded further with their activities in Manchuria entirely unmindful of the presence of a menace in the offing. That the maneuvers will have only a slight psychological effect was evident from the start and especially to the American naval leaders themselves, one of whom—Rear-Admiral Willian A. Moffet—when he said of American defenses that "Uncle Sam is a Rip Wan Winkle—sound asleep so far as defense goes," adding that "let us hope and pray that Uncle Sam awakes some day before it becomes too late and is not rudely awakened by a club at his head. The club exists and he is comparatively defenseless. He sleeps in peace by the grace of God, not because he is provided with defense commensurate with his wealth and place in the world."

Where the Japanese Navy Is Superior

If we are to speak of the coming war as a sequence of the Manchurian dispute it cannot be envisaged without the participation of Great Britain, for the American Navy seems to be insufficient to tackle the Japanese. This becomes clear when we compare the actual strengths of both the navies,—a question which cannot be overlooked by thoughtful Chinese when trying to formulate a correct judgment based on realities. Attention is invited to the following tables of comparative strengths of both the navies as they stand to-day, taken from such publications as the *Statesman's Year Book* for 1932, the annual report of U.S. Secretary of Navy, Charles Francis Adams, dated December 2, to President Hoover, and other publications on the subject. When studying the tables the reader would do well to pay special attention to—(a) number of heavy guns and (b) speed of vessels (average), since these factors play a decisive role in any naval engagement (smaller armament is omitted):—

Battleships	U. S. Navy	Jap. Navy
Number	15	10
Speed	21 knots	24.5 knots
16 inch guns	24	16
14 „ „	124	86
6 „ „	—	16
5.5 „ „	—	80
5 „ „	192	—

Of 15 American Battleships three are now in docks undergoing modernization, whereas the ten Japanese battleships are in full commission.

Aircraft Carriers	U. S. Navy	Jap. Navy
Number	3	4
Speed	33.25 knots	23-25-28 knots
8 inchers	16	20
5 „	4	—
5.5 „	—	4

Of the three American aircraft carriers the *Langley* is of 15 knots' speed only and therefore cannot be regarded as useful in the long distance operations. America is now building one, the fourth, aircraft carrier. Of the four Japanese vessels of this type each has speed of its own. By the treaty America should have six aircraft carriers, against Japanese four, now existing.

Heavy Cruisers	U. S. Navy	Jap. Navy
Number	9	12
Speed	32.5 knots	33 knots
8 inchers	74	104
6 „	none	none

Light Cruisers	U. S. Navy	Jap. Navy
Number	18	20
Speed	33.75 knots	33 knots
8 inchers	none	none
6 „	215	24
5.5 „	—	118

Eight U. S. cruisers of this type, believed to be overage, are out of commission. They are to be replaced by seven cruisers of the most modern type now under hurried construction. All twenty Japanese cruisers are fully manned.

Other Vessels	U. S. Navy	Jap. Navy
Coast defense vessels	1	7
Destroyer leaders	none	24
Destroyers	101	80
Submarines	54	62

The American Fleet is severely lagging behind in destroyers, of which, in order to reach the treaty stipulations, it will have to construct approximately 76 vessels, all aggregating 120,000 tons. The average speed of American destroyers is believed to be 30-32 knots per hour, that is, they are slower than the cruisers. In submarines America is short of about 20 vessels, all aggregating 20,000 tons.

Thus the actual strength of both the navies may be tabulated as follows, calculated on long distance operations:—

	U. S. Navy	Jap. Navy
Battleships	15	10
Aircraft carriers	2	4
Heavy cruisers	9	12
Light „	18	20
Destroyer leaders	—	24
Destroyers	101	80
Submarines	54	62

One need not be a naval expert to see that the Japanese Navy is not weaker than the American—as the case should have been in terms of the London Naval Treaty of 1930. U. S. Secretary of Navy Adams, in his annual report, submitted to President Hoover, states that, in order to regain the treaty standards, America will have to build 135 vessels involving 316,530 tons, and stressed the fact that in the number of combatant ships America lags behind Great Britain and Japan instead of being equal to Great Britain and exceeding Japan by 5 to 3.

Where the U. S. Navy Is Weak

Commenting on the future war Capt. Mizuno, one of the best known Japanese naval critics, some time ago said that the American Fleet "is strong at its trunk, but weak at its hands and feet. Besides, we can never say that the ratio is as 5 to 3, it is more favorable to us." This statement was recently confirmed by Admiral Osumi, the Naval Minister, at a meeting of the budget committee of the Japanese Diet when, asked what was the actual strength of both the navies, he said that the ratio was most favorable

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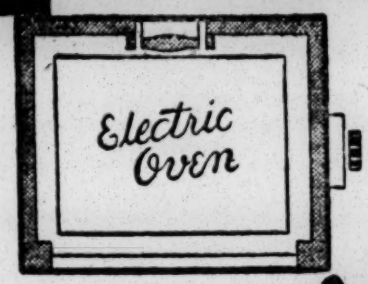

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to Japan, but it will inevitably become unfavorable when the United States sets about building the warships in earnest up to the London Naval Treaty standards.

It has long been recognized that the fundamental weakness of the American Navy lies in its backwardness in destroyers, nearly all of which are of 1918-1919 construction and cannot possibly develop a speed more than 30-32 knots—or they are not swifter than the modern cruisers. In battle it is the destroyers' task to protect the battle line from the torpedo attacks of the enemy craft, therefore usually the destroyers must possess greater speed than the cruisers. This is recognized by the American navalists, so it is almost certain that the new destroyers of the American Fleet will have proper speed. The advantage of the Japanese Navy is in its superior speed over the American—compare the speed of the U.S. battleships (21 knots) and of the Japanese (24.5 knots.)

As admitted by the highest American naval experts and as may be seen from the foregoing tables the Japanese Navy cannot be said to be inferior to the American Navy and this is no doubt a deciding factor when the Japanese continuously outride all admonitions of the Western Powers to respect treaties relating to China. The Battle of Jutland, fought on May 31, 1916, between the grand fleets of Great Britain and Germany, has shown that even a weaker navy can inflict a greater loss to the superior one. In this battle, according to the authoritive account appearing in the *Encyclopedia Britannica*, the British Fleet had 37 capital ships, 8 armored cruisers, 26 light cruisers and 80 vessels of destroyers' class against 27 German battleships, 11 light cruisers (no armored cruisers) and 63 destroyers, yet the Germans inflicted a bigger loss to the British side, and besides escaped into their own waters. In point of gunnery the British Fleet far excelled the German, the latter having 192 guns of 12 inch calibre and 52 guns of 11 inch calibre only, whereas the British side had 144 guns of 12 inch, 142 guns of 13.5 inch, 10 guns of 14 inch and 148 guns of 15 inch cabibre. It is almost incredible how the Germans, being so much inferior in number of ships and guns, could come out with flying colors and even inflicted serious losses to their enemy. From this instance one will see that the American Fleet, although overwhelmingly superior in capital ships, cannot be counted as sure of victory in a major naval engagement with the Japanese Fleet.

In case of war it is logical to assume that the United States Fleet or any other fleet will have to steam up to the Japanese shores, find out the enemy's fleet and try to annihilate it at a stroke, in which case the battle will have to be fought in waters specifically selected by the Japanese Navy. The latter fleet will have the advantage of near-by home navy yards with their docks and supplies. In case of defeat the fleet could find a ready escape under the protection of the shore batteries and its own mine fields. The battle, if fought a few hundred miles away from the shore, would see the participation of the land air forces,—a contingency quite possible in these days of development of this kind of armament.

The disadvantage of the American or any other fleet would, as everybody recognizes it, lie in its being too far away from home supplies, in which case it might repeat the sad example of the Russian Baltic Fleet sunk by the Japanese in the Battle of Tsushima in May 27, 1905, especially when the enemy's fleet does not assure a victory over the Japanese. From this the importance of inducing Great Britain to uphold, in most unequivocal manner, the League's Covenant—which in the long run means the application and upholding of Article 16 of the Covenant—would seem clear. If Japan is not chastised at present and is allowed to keep her booty indefinitely then the world will fall to the pre-War days of intense armament among nations. In that case Japan, with her population of 90,000,000 and newly acquired dependency of 30,000,000 more, equalling the entire population of the United States, can well afford to enter a race for armament, the purpose of which will be the ousting of Western Powers from Asia entirely,—her true aim.

Dairen, March 4, 1933.

Japanese Cotton Mill Expansion in China

BY B. Y. LEE (李炳郁)

SINCE the occupation of Manchuria by the Japanese and the incidental Sino-Japanese hostilities in Shanghai one would naturally think that the Japanese cotton mills in China would be in a state of bankruptcy, mainly owing to the fact that the anti-Japanese boycott is going on strongly all over China. The Japanese cotton mill industry in China is the largest industrial interest of Japan, employing a Chinese working force larger than any other line of industry in China. Together with the families, the industry sustains more than 500,000, and in this sense, it is generally recognized as occupying an important place in the industrial life of China. Contrary to the general public opinion, the Japanese millowners in China are planning a large-scale expansion of this industry in the near future, despite the fact that they have not yet recovered from their financial distress during the past two years, due to the anti-Japanese boycott. At present the Japanese own 45 mills in China with little less than 2,000,000 spindles, while in Shanghai they own 30 mills with 1,338,000 spindles, or about 45% of the total spindleage in China.

According to a Japanese source, representatives of the Japanese cotton mills in China met recently and decided to expand this industry in both Tsingtao and Shanghai, which are great cotton mill industrial centers in China and where the most of the Japanese mills are located. Three Japanese mill corporations in Shanghai have decided to erect seven new mills in these localities; they are the Kung Dah, Tokwa Boseki Kaisha, and Naigai Wata Kaisha Mill corporations. In order to have their plans materialised, these three mill corporations have adopted the following methods:

(1) to send representatives to request the Japanese Government to grant a subsidy of 1,500,000 Yen for the establishment of the proposed mills,

(2) to recruit the jobless Japanese in Japan to come to China so that they shall be given work to do in the Japanese-owned mills. And besides, each of these three mills will shortly add 1,700 looms to their present equipment,

(3) in order to extend their influence in China, selected representatives shall shortly proceed to Japan to encourage more Japanese capitalists to come to China with a view of establishing more mills.

(4) to request the Japanese Government to offer prizes to Japanese mill promoters in China for any improvement made on mill products.

Japanese Mill Owners to Act as a Unit

The reason for such a move made by the Japanese millowners in China is that since the first part of last year most Japanese-owned mills in Shanghai suspended their operations, owing to the agitation of the anti-Japanese boycott, following the Japanese occupation of Manchuria. The Japanese mill owners realize that in order to compete with the Chinese, they must act as a unit, because the Chinese lack the necessary capital, skill, and co-operation. China is the second greatest yarn market in the Orient, excepting India, and in order to meet the demand of the people, the Japanese try their best to capture this trade. It is said the Japanese have invested about 240,000,000 Yen in the cotton mill industry in China and more than one half of this total is invested in Shanghai.

During the past year, the greatest sufferers in the business depression in Shanghai were the Japanese millowners, who were compelled to suspend their operations either partly or entirely, due to the anti-Japanese boycott as a result of the occupation of Manchuria and consequently of the Shanghai Sino-Japanese hostilities. The latter was a great blow to the 30 Japanese mills in Shanghai. The situation now, however, has improved to a great extent. All their mills are running day and night with full force; their godowns are now almost empty as the demand for the Japanese manufactured product is as usual. We still hear a great deal of the strength the anti-Japanese boycott going on in various parts of China, but how the Japanese are able to dispose of their products so readily is a mystery to most of us. In fact they have undersold the Chinese manufacturers. Of course, the Japanese have resorted to subterfuge in order to sell their goods. Despite the anti-Japanese boycott, the market is full of Japanese goods. The methods employed take various forms, such as the placing of false labels on the goods, the transhipment to non-Japanese ports, such as Hong Kong, etc., where the parcels are repacked in cases which camouflage the Japanese origin. The Japanese have resorted to drastic price-cutting as a means of inducing the Chinese to buy their goods. It is a plain fact that the Japanese cotton mills are now running at a loss for various reasons which can be explained only by the Japanese themselves.

The average monthly production of the Japanese mills in Shanghai in normal times amounts to approximately 50,000 bales of manufactures. Of this number, 35,000 bales are cotton yarn and 15,000 bales are piece goods. Previous to the Sino-Japanese hostilities in Shanghai, about 80% of the total production was absorbed by the Chinese and the other 20% was exported to India and Japan. During the first quarter of last year, on account of the Shanghai undeclared war, with a lowered price level, the Japanese exported 50% of the remainder, mostly to Dairen and Hong Kong. The Japanese manufactured goods during those times had practically no demand among the Chinese, and the only consumers were people outside of China. Now, due to general world depression, it is impossible for the Japanese manufacturers to find a foreign market large enough to consume the surplus stock piled in the local godowns unless special inducements are given to the local consumers. At the current prices, the Chinese mills can make a fairly good profit on goods produced, and based on these figures, the Japanese mills in Shanghai with their 35,000 bales of manufactured yarn per month in normal times, can make a profit of $400,000; and besides, the Japanese yarn in normal times commands a higher price, from 2 to 6 taels per bale more than that of the Chinese. Instead of reaping a fair profit in their manufacturing concerns, the Japanese have suffered financially. It is a mystery why the Japanese manufacturers in China are now planning to expand this line of industry during the present trade depression.

Of course, the Japanese manufacturers are looking for the future, undismayed by the present trade stagnation. As soon as peace is fully restored, and full confidence as to future prospects is gained, the textile trade will be prosperous, because the interior is in need of manufactured yarn for weaving and knitting. Financially speaking, the Japanese mills in China are very gloomy at present, and it will take them a long time to recover their former position. Several months ago when the anti-Japanese boycott had reached an acute stage, the Chinese mills were making a handsome profit, as the demand for the native-made yarn was great. Recently the anti-boycott campaign has been weakened somewhat. Now the Japanese mills are running day and night shifts and the demand for their manufactured goods is brisk. At the current prices of their manufactured yarn sold in the Shanghai market, certainly they are doing business at at loss. How long they can keep on doing business in this way, no one seems to know. As the demand for the Japanese manufactured yarn has increased, the demand for the Chinese-made has decreased, and consequently the position of the Chinese manufacturers is not a sound one. Perhaps it is the intention of the Japanese millowners to pull down the Chinese to the same level as they are now in. Generally speaking, the Chinese are not financially strong, and in the long run they can not compete with the Japanese. This is perhaps the view that the Japanese have taken in regard to the future of the textile trade in China.

Japanese Own Almost Half the Spindleage

The Japanese can foresee the chance of their success in this line of industry despite the present trade depression, as a result of the forceful occupation of Manchuria; they have an ample supply of capital, technical experience in both industrial management and cotton market. And above all, the Japanese millowners in China act as a solid unit, not to mention such temporary financial relief as may be granted by their government when requested. In 1908 the Naigai Wata Kaisha Cotton Mill Corporation established its first mill in Shanghai, and since then many Japanese capitalists have seen the opportunity of this industry in China and have established more mills. To-day the Japanese own 45 cotton mills in China with little less than 2,000,000 spindles, while in Shanghai they own 30 mills with 1,338,000 spindles. Out of the total spindleage in China the Japanese own about 45%, and besides, several mills are under construction or being planned.

The Japanese cotton mills in China are owned by a few Japanese corporations which are financed by Japanese bankers in Japan. The Japanese mills spin fine counts of yarn for knitting and weaving, and hence they consume

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more American cotton than the Chinese mills do. Being large trusts, the Japanese mills can finance large shipments of foreign cotton, while the Chinese can not. Out of the total production of yarn and piece goods in China, the Japanese produce about 40% and 50% respectively. In buying raw cotton and selling the manufactured yarn, the Japanese concerns act like a huge trust, which can easily influence the market. When American cotton is dear, the Japanese first go to buy the greater bulk of China's cotton before the Chinese cotton dealers and millowners have realized the true situation. In order to do this quietly they often buy cotton for future delivery in the Chinese Goods Exchange in Shanghai whenever the price of China cotton temporarily declines. On the other hand, during the past two years when American cotton has been low in price, the Japanese have bought very little China cotton. Most Japanese mills in China spin fine yarn, which requires American cotton, especially when the price is favorable.

Successful cotton merchants and millowners in China are those who have thoroughly studied the American cotton market. A knowledge of the China cotton market is also essential, but on the whole it is not important in the long run. Abnormal cotton markets may prevail for a time, but sooner or later an adjustment in price between American and Chinese staples must be reached. For this reason the Japanese cotton millowners in China have been successful; they take pains to study the American cotton market. In the yarn trade, the Japanese millowners in China can find a foreign market whenever the price of yen becomes too high in terms of Chinese currency; then the millowners exported their surplus yarn to Japan; and again when the anti-Japanese boycott was at its zenith, they exported it to India and other markets in the Orient. They have done this in many instances. But the Chinese millowners are not able to do any export business in this line directly.

Despite the anti-Japanese boycotts, general business depression, civil wars in China, and many other setbacks, the Japanese mills in China are still in a sound state. They have the capital, the government financial assistance, the knowledge of the American and Chinese cotton markets, the technical knowledge, the co-operation between the mills of their own nationals, etc., which have helped them to be successful in this line of industry. The outside world may think that the Japanese millowners in China have gone on the rocks on account of the strong anti-Japanese boycott going all over in China since the Japanese occupation of Manchuria in September, 1931, but this is not so. True, they have suffered a little, but the boycott has not affected them materially. The Japanese use scientific industrial management in their mills and have kept some surplus for the rainy days during the years of prosperity. Many of us would not believe that now-a-day in times of anti-Japanese boycott and general business depression, the Japanese millowners in China have decided to expand this industry In view of their recent activities, the future of the Chinese millowners is gloomy. When normal conditions return, the Japanese will certainly dominate the cotton mill industry in Chin. The Japanese have taught the Chinese millowners a great lesson in cotton mill management, and the Chinese too must study thoroughly the Japanese plans, methods of industrial management, buying and selling, so that they may be able to compete with foreign manufacturers in China.

Shanghai, March 1, 1933.

Manchukuo Spy Captured in Nanking

A Manchukuo spy named Yeh Chung-chi, a graduate of the Whampoa Military Academy in Canton, was arrested by the military authorities in Nanking last week for espionage. When arrested he was found compiling charts and tables showing the organization of the Chinese army and the quantity of fire-arms they possess.

At the court-martial held immediately after his arrest, Yeh confessed that he was in the employ of the Manchukuo Govenment and that he had several accomplices who were still at large.

Soviets Say Reichstag Fire Was a Nazi Job

Commenting on the events which have followed in swift succession after the destruction by fire of a portion of the German Reichstag building, *Izvestia*, official organ of the Soviet Government, March 1, characterized the fire as a deliberate act of provocation staged by the National Socialists to serve as a pretext for instituting a reign of terror against the working class and the Commmunist Party of Germany.

The British Foreign Policy---An Enigma

BY PAUL K. WHANG (汪仲芳)

THE British foreign policy vis-a-vis the Manchurian embroglio seems to be an enigma which has long baffled our understanding. On the one hand, Great Britain has hitherto pursued a course not to commit herself to any overt act which may alienate the friendship of China's trade. But on the other hand, she has guarded herself not to incur the displeasure of her former ally so as to endanger her interests in the Far East. She has evidently undergone a great pain to keep on friendly terms with both of the disputants, but her attitude has been pleasing to neither.

British Try to Please the Japanese

At Geneva, the representative of the British Government has been careful enough not to touch upon anything which can be interpreted as condemning the Japanese action. The alleged Anglo-Japanese understanding in respect of the Manchurian dispute, though emphatically denied by the British government, has been still suspected by many of the Chinese people. The utterance of Sir John Simon, the British Foreign Secretary, has especially drawn the fire of the Chinese people, and at one time the Sino-British relations were actually put in a very strained state.

The anxiety of the Chinese people over the British attitude was somewhat assuaged, when they found with satisfaction that Great Britain in common with forty-one other nations had endorsed the draft report of the Committee of Nineteen. That Great Britain should vote for the draft report has naturally given a cause of grievance to the Japanese people, and make them think "the renunciation of the Anglo-Japanese Alliance after the Great War as one of the greatest tragedies of our time."

Right after the adoption of the draft report, the British government has lost no time to find some means to please the Japanese. On Feb. 25, the *Shimbun Rengo*, a semi-official Japanese news agency, circulated a report from Tokyo stating:

"Prior to the beginning of operations in Jehol, Foreign Minister Uchida approached the Ambassadors of Great Britain, France, Italy, Germany and the United States to solicit the understanding of their respective Governments regarding the subjugation of Jehol, namely, that the matter was an internal affair of Manchukuo, necessitated by the wish to maintain order within the territory, and that Japanese cooperation is based on the Japan-Manchukuo Protocol.

"Of the five countries, a reply was received from the British Foreign Minister, Sir John Simon, through the Japanese Ambassador, Mr. Matsudaira, the gist of which was as follows:

"That the British Government has no objection to the actions of Japanese and Manchukuo troops so long as the operations are confined within the province of Jehol, and should the matter be brought forward for deliberation by the League of Nations, the British Government would try to persuade other countries to adopt the same attitude."

Sir John Simon's Cryptic Statements

Whether this report was purposely fabricated by the Japanese news agency to bring discredit to the British government and to incite Chinese antagonism against Great Britain, can not be established. Although Sir John has been credited with the statement that he had not seen the Japanese Ambassador in London for a fortnight, we, however, can not dismiss this *Rengo* report as merely fabricated news. Then again, according to the *United Press* dispatch from London dated Feb. 27, Sir John, during the debate on the Manchurian question, told the House of Commons that the action of the Japanese army in Manchuria and Jehol did not in the least resemble an invasion by a foreign force into another country.

In comparing the *United Press* dispatch with the denied *Rengo* report, one can hardly see the essential difference between these two statements attributed to Sir John. If the present military action of the Japanese army in Jehol did not in least resemble an invasion by a foreign force into another country, then what constitutes an invasion? Or, the British Foreign Minister has already recognized that Jehol is an integral part of the so-called Manchukuo, and therefore the British government has no objection to the actions of Japanese troops so long as the operations are confined within the province of Jehol. In reading these statements, one can not help giving credence to the alleged secret pact entered into by the British and Japanese governments at the time of the Japanese withdrawal from Shanghai.

In her alleged attempt of preserving the peace in the Far East, Great Britain has decided to place an embargo on arms shipment to warring nations. While we sympathize with Britian's attempt to assist in preventing the widening of the field of conflict or in prolonging bloodshed, we are of the belief that Britain's step not only will not help the cause of peace but will serve to increase the power of Japanese military aggression in China. In pursuing that course, she has knowingly or unknowingly lent a helping hand to the Japanese.

That an embargo should be placed on the export of arms and munitions to the country which wages an aggressive war can not be gainsaid, but to deny the arms supply to the country which needs them for carrying on a war of defense is hardly justifiable. Japan, in anticipating this action, has already imported a large quantity of munitions for the supply of her army, and will in future purchase arms through Siam, which will not be affected by the embargo. Moreover, it is to be noted that there is no embargo on iron and iron ores, which Japan has habitually imported from British India and British Malaya to manufacture her own munitions. With her many modern arsenals, Japan can continue to manufacture most of her munitions by importing the materials which are not affected by the embargo.

China Depends on Foreign Munitions

But China depends on foreign munitions to carry on modern warfare. Her Mukden Arsenal (the largest of its kind in China) has been seized by the Japanese since the Manchurian invasion, and her Shanghai Arsenal was dismantled after the Shanghai War. The remaining two or three arsenals can not manufacture much to supply China's needs. Moreover, China can not yet produce the modern war equipments and has to buy them from foreign countries so as to enable her to fight the Japanese. Therefore if an international agreement can be reached to impose an embargo on the export of arms to the warring nations, China will be practically left in a defenseless position in face of the Japanese invaders. Thus Great Britain, in seeking the means to help the cause of peace, has actually helped Japan in furthering the latter's conquest on the mainland of Asia.

With the publication of the Lytton Report and the adoption of the draft report of the Committee of Nineteen, the right and wrong of the Sino-Japanese conflicts have been made clear beyond the shadow of doubt. In order to uphold the Covenant of the League of Nations and punish the covenant-breaking state, all the member states should help China check the Japanese aggressions by cutting off military supplies to Japan. Thus Britian's act in putting an embargo on arms to both China and Japan is "unjust, unfair, inconsistent, and illogical," as declared by Dr. W. W. Yen, Chinese delegate to the League of Nations.

So far the embargo scheme seems to have met with little support, inasmuch as the United States and other countries have refused to follow the precedent set by Great Britain. According to the latest report from London, the British government will have to consider the desirability of revoking its present decision. Britain's act has already aroused strong opposition among the Chinese people; and for the sake of Sino-British friendly relations, it is well for the British government to reconsider its present decision.

Great Britain seems to be very anxious to assume an impartial and fair attitude toward both disputants, but her acts and utterances have always given a cause of complaint to the Chinese. Beneath the mask of fairness and impartiality, the British government with the present overwhelming Tory majority has sympathized with, if not actually encouraged, the Japanese imperialistic policy. Really she does not care whether Japan occupies all China and tramples all treaties, so long as Britain is able "to secure an open door and a fair chance for our trade throughout China."

But the British government can not afford to take off her mask without sacrificing the goodwill of the Chinese people and therefore China's trade. At this time when the world is severely hit by trade depression, Great Britain can not lose her Chinese trade without accentuating her economic crisis. Possibly this accounts for the reason why Great Britain has been hesitant in openly throwing her lot with Dai Nippon.

Shanghai, March 4, 1933.

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APPENDIXES

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38 Avenue Edward VII Shanghai

What Will Become of Japan After Withdrawal

(By the Review's Tokyo Correspondent)
(Translations from various Japanese publications)

Leading Businessmen Deny Possibility of Blockade

Hisaakira Hijikata, President of the Bank of Japan:—It is most unlikely that the non-League member states, Russia and America, will join the economic blockade at the cost of their own well being; they will suffer as much as they torture Japan. But if this most unlikely culmination occurs, the whole nation must unite and stand up against the joint action between which and war there is little or no difference.—(*Tokyo Nichi Nichi*).

Seijiro Miyajima, President of the Nisshin Cotton Spininng Company:—People seem very much concerned with an economic blockade, but as far as I can see there is no such possibility. It is "they" and not we which are crushed under the heavy weight of the unnatural boycott. What, if we cease to buy wool from Australia, and raw cotton from India? Anti-British sentiment would be sure to prevail to say the least. As regards ourselves, all depends upon the determination we make. We can do without further import of wool if we are satisfied with old suits, while as to raw cotton it can be cultivated in Shantung or purchased from China. And as for a market we may find it in China, both north and south. Of course exercise of military power would be unavoidable to ensure the safty of an acquired market in China—(*Tokyo Nichi Nichi*).

Yasuzaemon Matsunaga, President of the Tokyo Power Company:—The worst culmination is economic blockade and war that accompanies. We presume neither of them will become a reality, yet relations between Japan and other countries will be estranged all the same. In this connection whether Japan goes out of the League or not matters very little. However, seeing that in our country people do not favor the increase in tariff when they welcome inflation, we are confident this will also be the case with countries abroad, for if the contrary were the case they would thereby inconvenience their own peoples to no small extent. Hence there is little possibility of their boycotting Japanese goods or levying prohibitive duty thereon.—(*Diamond*).

Shingo Tsuda, President of the Kanegafuchi Cotton Spinning Company:—I do not believe there is anything like economic blockade, but if there be we would decrease output by one-half, for 60% of the Japanese cotton manufactures are being exported. We are already prepared for the most unlikely turn of the situation—(*Diamond*).

Sadakichi Aoky, Managing Director of Hara Gomei Kaisha.—Already into our market prices of commodities the risk of Japan's withdrawal from the League is woven. What I am concerned about next is economic blockade, but I am pretty sure we shall not be chased up to such an extremity. We cannot think of America taking part in the boycott. I agree to the general opinion which denies the possibility of the practice of boycott. Besides, as regards America's raising a tariff wall against Japanese raw silk, I cannot be persuaded to imagine that the United States would have recourse to such unwise means, as that would tax home consumers and increase unemployment. Nor it is thinkable that the entire silk trade can be replaced by rayon products.—(*Diamond*).

Junichiro Imaoka, President of the Uraga Dock Company:—Of late Japan has been completely absorbed in the question of the League of Nations. This clamorous atmosphere of our country is pitifully disgusting. Countries overseas seem little concerned with such a question. This is because they are little interested in the affair, but think of the Japanese growing uncontrollably irritated every time this sort of question arises. This is unbearable. The recent slump in stocks is decidedly shameful. A great nation ought to behave like one; silence is better than eloquence at this moment. With reference to the economic blockade I should say that there is no difference between economic blockade and actual war.

***

Opinions Agree Not to Part with Mandated Islands

Foreign Minister Yosuya Uchida:—At the Cabinet meeting on February 1, Count Yasuya Uchida declared before Cabinet ministers that the withdrawal from the League of Nations has nothing to do with mandatory right, and that the country remains a mandatory power of the South Seas even after her withdrawal from the League.—(*Tokyo Nichi Nichi*).

Navy's Informal Declaration

The ultimate solution of the Manchurian question lies in the Pacific Ocean. This is the contention the Navy has long been entertaining. There are diverse opinions afloat on the Japanese mandatory question. Save for an extremely limited jurisprudential theory all agree that the sovereignty over the South Seas Islands lies in our hands. Well informed classes in both Britain and America also have a similar opinion. If it so happens however that a cry is raised against our mandatory right, we should face it with decisive attitude. As Manchuria is our life-line on land so the South Seas Islands are to us the life-line on the sea. Therefore, it is but natural we defend the mandated islands at any cost.—(*Tokyo Nichi Nichi*).

The *Tokyo Asahi* (Editorial):—The question of the South Seas Islands under Japanese mandate is destined to put up its head following Japan's withdrawal from the League. Now there are settled about 25,000 Japanese in the archipelagos. From the viewpoint of military strategy the territory is considered as of great importance, as is evidenced by the Washington Treaty in which the construction of a naval base within the territory is prohibited. In case it slips out of our mandatory grip we would be giving considerable advantage to the enemy in time of war. It is for this very reason that in America cries are raised that in the event of Japan's withdrawal from the League she must also quit her mandatory right, and that in Germany voices are heard of her strong desire to restore her former colony. German papers have been intently watching the progress of the wrestling matches going on between the League and Japan. Hitler's success this time has come to add fuel to the expectation. It is to be understood that it is after the elapse of two years from the time of Japan's withdrawal that the question of whether she should part with the mandated territory or not is taken up for serious discussion. In the event, however, the extemists of the League hold sway and succeed in applying Clause 4 of Article 16 to the Japanese occupation of Jehol and she is dismissed from membership in consequence, this question might be taken up much earlier.

Tokyo Nichi Nichi (Pamphlets distributed):—The question of the Japanese mandated South Seas Islands is regarded as the most important problem that follows Japan's withdrawal from the League. Students of international law are divided in opinion into two groups for and against Japan's retaining sovereign rights over the mandated territory, and no decision has yet been reached. A similar condition prevails among students of politics. At the bare suggestion of Japan's quitting the League America quickly caught the chance to raise a voice against Japan's holding fast to the mandatory right after her withdrawal. America has the right of speech at the final discussions on the question of Japan's mandate, because the acquisition by Japan of the islands is the result of the united efforts of the Allies and because the Council of the League of Nations sanctioned American proposals for obtaining the right in 1921. Besides, there is the special agreement concluded between the two countries in 1922 in Washington pertaining to the stipulations on the Island of Yap. In the light of the precedent in which the League once appointed America mandatory of Armenia, there is no reason whatever why Japan has to part with the mandated islands after she quits the League. From all these arguments we conclude that unless the League should resort to physical power there is no legitimate way to restore the South Seas Islands.

An Epoch-Making Renovation May Ensue

(By Yosuke Matsuoka,—Tokyo Nichi Nichi)

After, prolonged negotiations with the League of Nations, which is but scantily informed of Oriental affairs, we have at last come to see a frontal clash with it. Seeing the recommendation passed in the Assembly on the 24th I stood up amidst the besetting representatives to declare that under the circumstances Japan could no longer go hand in hand with the League as far as Sino-Japanese questions are concerned. Then, I got ready to leave Geneva. In looking back upon the untiring efforts with which the country nurtured up the new state singlehanded, all what Japan has done and intends to do ought to invite sympathy from advanced nations. Just think of the attitude taken by Britain toward Egypt and by America toward Panama; they are not in a position to criticize the steps taken by our country. And those small states whose

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independent status was made possible by the Allied Powers after the Europern War, ought to show sympathy toward Manchukuo.

At this critical juncture what is vitally important to the nation is its fully awaking to the traditional Nippon spirit with which to carry out radical renovation within and thus to foster strength of the country, while outside the country utmost efforts must be used toward enlightening the world on the just, altruistic motives of the country.

The most glaring weak point of the world lies in that it is devoid of the power to see things as they really are. Japan experienced two great events, one being the Sino-Japanese War and the other the Russo-Japanese War. In both cases Japan gave an enormous impetus toward oppressed nations. What will she venture to do for the third time? I should predict here that the steps to be taken by our country will bring about an epoch-making change in the history of mankind.

It looks as if the destiny of all mankind under the sun lies upon the shoulders of the Japanese. In this sense to cut connections with the League is nothing more than a mere process.

Japan-League Relations After Withdrawal

(Pamphlets distributed by the Tokyo Nichi Nichi)

What will follow Japan's withdrawal from the League? Some seem to have no small apprehension of her international isolation and of the fate of the South Seas Islands under her mandate. We have good reasons, however, to declare such fears are unwarranted and completely nonsensical. Those expected to follow the withdrawal are roughly grouped as follows:

1. Relations between Japan and the League
2. Question pertaining to mandate
3. Japan's international position

Here we shall take up the first of the three questions, that is, what will become of the League-Japanese relations.

In 1926 when Germany joined the League as a standing member of the Council, Brazil sought for the same footing as Germany in the League of Nations. Seeing her insistence unsuccessful, Brazil took a decided step to sever her relations with the League and ever since she has remained as a non-member state. At the time Brazil notified the League of her decision of withdrawal, she was one of the Council members. Consequently, in accordance with the League Covenant the country was duty bound to send a representative both to the Council and Assembly, neither of which she fulfilled however. On the part of the League therefore the country was regarded as if she had effected perfect withdrawal and treated as such. All that the country did after its withdrawal was the regular payment of the expense allotted to the country.

Such being a precedent there is no reason why we should be concerned with the League Covenant after forsaking the League. Only we have to bear our share of 600,000 yen. It is the League and not our country that is inconvenienced.

Since we discontinue relations with the League it is but natural that the country will recall all her delegates dispatched to the disarmament conference under the League's auspices; in the military circles a decision is believed to have already been arrived at in this connection. What tangible result will the conference reap in the absence the foremost army and navy country of the world! In some quarters they may contend that Japan should be held responsible for leading the disarmament conference into a failure. Such may also be the attitude of all the countries of the world. But, what has been effected by the disarmament talks since February of last year? Nothing, save the selfish draft proposals piled up on the table of the conference. Did Germany not recall her delegates, denouncing the impartiality as regards the opportunity of armament? The stagnant development of the disarmament enterprise must be traced to the rivalry between Germany with her insistence for equal right and France with her request of gurantee of safety and also to selfish insistences by other member states. If this much is clear to the world we need not take into account the matter of our shouldering the responsibility.

Not only in regard to the disarmament schedule but also in the direction of its cultural enterprise in the Orient is it that the League receives a vital blow. By this however we do not mean we are decided to discontinue helping the League in its noble work of cultural promotion in the East; rather we may continue as hitherto espousing the cause of the international body just as America has been doing. Same may be said of our despatching delegates to the disarmament conference.

No Punishment Possible

(Pamphlet distributed by the Tokyo Nichi Nichi)

There are stipulated in Article 16 three items of punishment, namely, (1) economic boycott, (2) punishment by military force, (3) dismissal from membership. None of these is to be exercised unless we have recourse to war against China. Even if the League should come to put the military chastisement in practice, the existing international conditions of today could not guarantee its efficacy. The same can also be said of economic blockade; if by any chance it has come to be carried out we need not necessarily be alarmed.

Will Japan Be Isolated?

(Pamphlet distrubuted by the Tokyo Nichi Nichi)

Will Japan really be obliged to stand alone? This is the question now raised among certain quarters in our country. But will such an apprehension prove a reality? Though it sounds serious, this problem will be self-explanatory when the fact is taken into consideration that when there are 57 countries enjoying membership of the League of Nations such great nations as Russia and America are still remaining outside. It is nonsensical to assume that Japan cuts off her connections with countries of the world upon her withdrawal from the League; every nation of the world has its own foreign policy besides that exercised through the League of Nations. The pivotal point of our diplomatic policy is placed on her relations with America, Russia, China and Britain; there ought to be no change of our relations with the two non-member states of America and Russia, while with regard to China a better chance for expediting the much-talked-of Sino-Japanese direct negotiations may arrive through her contemplated break with the League of Nations. Then, what about the attitude that might be taken by Great Britain? She possesses in the Orient India and other dominions which have vital bearing upon the well being of their mother country. In view of so vast rights and interests enjoyed by the country there is no reason why Britain should make a frontal crash with the powerful nation in the Far East by reason of the latter's quitting the League. That this reasoning is not perverted can easily be understood by looking back upon the British Japan policy since the outbreak of the Manchurian question.

Ever since the Manchurian question made its appearance Britain has always kept on good terms with Japan in spite of her having necessicarily been solicitous of American goodwill in view of the war debt question and the world economic conference, anti-Japanese agitations in Canada, Australia and New Zealand, and of her Labor Party's insistence at home. This is all because she was apprehensive of her inviting contempt from China and India, resulting in the loss of her vested rights in this section of the world. What eloquently speaks for this attitude of the country is Foreign Minister Simon's movement in our favor, which he took while dealing with the question of the Sino-Japanese dispute in the face of the reproach and attack raised by what we call rationalists at home and abroad. Similarly, France would be anxious about her territory south of China in the event of her making an enemy of our country. The only difference noticeable in her attitude lies in her unsettled policy toward Japan in handling the Sino-Japanese troubles at the League; probably this is because she places the country's diplomatic pivot on the international body.

Summing up all these considerations we arrive at the conclusion that we have nothing to fear after severing connections with the League of Nations. Apprehension ought to lie with the League itself, for being quit by Japan it must come to realize the existence of weakness within the organization. At present the member states reach the enormous number of 57. Indeed, the League enjoys the support of a great many countries, but what authority has it so long as Russia, America, Mexico and Brazil keep themselves out of its grip? It is because of Japan's joining the League that the world peace-making organ was enabled to stretch influence to the Orient. Hence after Japan's severance of connection with the League, the League of the world would dwindle to a veritable League for Europe.

Powers' Attitude Measured by Japan

(From two leading Tokyo papers)

America.—With regard to Japan's probable position in the international diplomatic circle after her withdrawal, nothing is heard among Government authorities. This reticent attitude on the part of America may mean that the question depends more on how Japan acts after withdrawal than on the simple action of her severing connection with the League. In America there is no small number of people who sympathize with the principle of the League. To these humanitarians Japan's withdrawal may give a deep impression that Japan stands on a principle incompatible with that of the League of Nations. No doubt, therefore, the American attitude will undergo a great change in the event Japan, upon effecting the withdrawal, introduces a drastic change in her foreign policy towards fortifying herself with the much-talked-of Oriental Monroe Doctrine. This is what is inwardly apprehended by the American public. (*Tokyo Nichi Nichi*).

Great Britain.—In London it is rumored that in consequence of Japan's withdrawal from the League and her advance into the Province of Jehol the Far East may be thrown into the chaos of another war as great as the Russo-Japanese War. China will, the rumor goes on to predict, then be a loser in the armed battle at Jehol, though no doubt a victor at the League. In navy circles a strong voice is raised seeking for Japanese cooperation, while supporters of the League are satisfied with the steps taken by the League. As regards the question of economic blockade no strong advocator has yet made his appearance, for all agree that it is nonsenical to try to suppress war with war. Foreign Minister Simon has declared to the same effect. While it is thus unthinkable that Britain will take up the question of an economic boycott seriously, we are confident that the nation, in order to promote her own interest, has the interest of her country always at heart.—(*Tokyo Nichi Nichi*).

China.—The safe passage of the recommendation was reported in all papers crowned with a big heading, save the *Shun Pao*, which, seeing through the real intention of European nations declared as follows: "Such a great concern shown by nations, in Europe in the affairs of the Far East has been calculated from their own interest and their object in so doing is to restrain Japan's influence in the Far East. From this fact we can safely predict that they will not go a step further to restrain Japan at their own expense. Only they wish to turn their situation in the Far East to their favor. It is therefore a great mistake to think the national crisis has been liquidated through snch means unaccompanied by substance.—(*Tokyo Asahhi*).

China Realty Chairman Explains C. M. Loan

F. W. Sutterle, Jr., chairman, presiding at the seventh annual meeting of the China Realty Company, Federal Inc., U.S.A., February 27 explained the transactions with the China Merchants Steam Navigation Company, concerning the loan of $700,000 made several months ago—for making which Marquis Li, former Chairman of the Board, has been sentenced to three years imprisonment.

Mr. Sutterle explained that it was unfortunate that shortly after the agreements were signed the Nationalist Government decided upon a plan for the nationalization of the China Merchants. Among other things, Mr. Sutterle said:—

"We had been giving the China Merchants financial assistance in the past, all our mortgages being negotiated through the Chairman of the Board of Directors of the China Merchants and the Superintendent, officially appointed by the Nationalist Government. We advanced the China Merchants seven lakhs as a loan and hold their official receipt for same. As security for this loan China Merchants assigned to the China Realty Company all their equity in the properties pledged to two local foreign banks who have acknowledged the assignment of same and which security amounts to several times seven lakhs. If you compare our loan with the loan recently arranged for the Municipality of Greater Shanghai which was underwritten at 80 and secured by wharfage dues, it would appear that the terms we granted the China Merchants are not unreasonable as claimed by the officials of the Government. As to the agreements, we feel that they are equitable and just and mutually beneficial to the China Merchants and the China Realty Company. If the Government thinks otherwise we would like to place it on record that there is no business big enough for us to do to cause the China Realty Company to wish to antagonize or run contrary to the wishes of the Chinese people or the Nationalist Government."

Five Soviet Steamers in Far Eastern Service

A Habarovsk message states that a regular service of vessels between Soviet Far Eastern ports and China and Japan has been established. Five steamers will make round trips on these routes three times a month. They are the *Lozovsky*, the *Volkhovstroy*, the *Krassny Oktiabr*, the *Dvina* and the *Konda*.

Japan's Militarism---A Stumbling-Block to World Peace

BY CHEN FU SHENG

IN spite of the strenuous efforts of the League and America to uphold peace Japanese militarists have defied world opinion and have disturbed the peace of the world by threatening to withdraw from the League, by mobilizing armies to invade Jehol, by making preparations for a world war. They are mad and have taken the wrong way. They take might for right and passion for reason; they trample under foot the Covenant of the League, the Kellogg Pact and the Nine-Power Treaty. They overestimate their prowess; they take it for granted that they can annex Manchuria, occupy Mongolia and Siberia, and carry out their continental policy in the near future. They ignore the fact that what with enormous military expenses, what with trade depression, Japan is drifting toward financial and economic collapse. They do not know that China is determined and prepared to "live dangerously," to sacrifice everything but sovereignty, to resist Japan regardless of consequences.

It is no exaggeration to say that Japan's invasion of Jehol is but a matter of time, as it is avowedly a part of Japan's military campaign. From the diplomatic point of view, the invasion of Jehol is not a good thing for Japan; it will lessen the support of the other leading nations, notably that of England and France. Nor is it a good thing for Japan, from the economic point of view. It is a drain on her treasury.

Lord Lytton, we remember, has said: "A thing, unjustified in itself, cannot be justified by its being accomplished." Manchukuo, everybody knows, is an outgrowth of Japan's military campaign and yet Japan says that it is a spontaneous expression of the people's will. The League believes that the maintenance of the present regime in Manchuria is by no means a satisfactory solution of the Sino-Japanese dispute and yet Japan claims that the solution of the Manchurian problem lies solely in the recognition of Manchukuo. Manchukuo must be recognized *de jure*, as it was established *de facto*. The Japanese delegates in Geneva do not wish to solve the problem of the Far East; they merely intend to side-step the issue. Should the League satisfy their wishes, they would support it; if not, they threaten to withdraw. What course the League will take to curb the activities of Japanese militarists we are not in a position to say, but Japan's withdrawal from the League is almost certain.

Being not an active participant in the last world war, Japan is not fully aware of the horrible outcome of war. For the present, she is trying to solve her internal troubles, her economic distress, by engaging in military adventure abroad. Like a stick of dynamite, she will explode when touched. She does not want Manchuria alone; she wants the whole of Asia. She will fight for her ambitions. She has raised huge sums for army and navy disbursements. She is fully prepared for any emergency. She will declare war against America or Soviet Russia when the circumstances are favorable. Verily, history is atavistic. Japan's militarism may be compared to that of pre-war Germany. It was the Kaiser's dream to rule over all the world; it is the wish of the Japanese militarists to control the whole of Asia, thus enabling them to conquer the whole world. The ambitious schemes of the Kaiser and of the Japanese militarists are practically the same. To safeguard peace, to tide over the present world-wide crisis, Japanese militarists must be taught the same lesson as was taught to Wilhelm II. A happy day it will be for the world when the leading nations of Europe and America having interests in the affairs of the Far East, will impose an economic blockade so as to bring the Japanese militarists to their senses. Happier will be the day when the Japanese people, awakened by the impending doom of their nation, rise up and overthrow the regime which at present rules their country.

Foochow, Feb. 22, 1933.

Japan Is America's Leading Customer for Airplane Parts

Japan was the leading customer for airplane parts from the United States in 1932. Department of Commerce statistics issued Feb. 3 showed that Japan purchased $346,495 worth of parts in the year as compared with $116,106 in 1931. China ranked ninth, taking only $58,760 worth of parts as compared with purchases of $163,845 the previous year.

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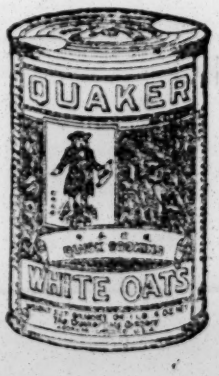

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United States Places Embargo on Gold

President Roosevelt issued a proclamation March 6 giving the National Government absolute control of the nation's gold supply. The proclamation placed an embargo on gold and silver exports, forbade the earmarking of gold for foreign nations, and declared a national bank holiday until after March 9. In addition the President's proclamation authorized national regulations for the issue of clearing house certificates and prohibited the hoarding of coins or currency. Banking authorities in the United States interpreted the proclamation as removing the United States from the gold standard, but only for the period of the banking holidays. The embargo was imposed with the object of terminating the drain on American gold currency, which had reached serious proportions, and simultaneously give Congress time to enact stabilizing legislation of a more permanent character.

In the meantime banking organizations are authorized to issue hundreds of millions of dollars in clearing house certificates, which together with the currency already in circulation, it is hoped, will permit the transacting of adequate business during the period of emergency.

Mr. Woodin, the Secretary of the Treasury, amplifying the President's proclamation, said emphatically that the United States was not off the gold standard. "Any such interpretation is a grave mistake." He added that it was a state of "managed currency," and in this connection he pointed out that Switzerland was on the gold standard but forbade the exportation of gold.

The Secretary of the Treasury, added, "This is the start of the real thing in the matter of recovery. I think we are on bottom now. We will not go any lower and, if the people will just have confidence in a great leader in the White House, we will get out of our difficulties readily."

The President himself revealed that foreign withdrawals, combined with domestic withdrawals for hoarding, had created a national emergency. The President explained why and how he had taken the financial power unto himself.

The proclamation applies to all banks, trust companies and building and loan associations. It also covers companies that do a modified banking business and those that receive for deposit any gold silver or currency of any kind. It applies to all such institutions in the United States proper and in the territories and insular possessions.

The proclamation carried a clause especially designed to permit the banks in the insular possessions to operate until further orders, provided the Secretary of Treasury thinks such procedure is safe. It was understood that the treasurer had been assured that the banks of the Philippine Islands were in condition to meet any reasonable demand from their depositors.

In effect, the proclamation becomes the most rigid gold embargo that could be laid down. It prevents the paying out or the shipping of funds anywhere. It even prevents earmarkings for foreign account or other accounts so far as present deposits are concerned. Money cannot be transported from one bank to another and the transfer of credits to places abroad is absolutely prohibited. In other words, all cash of every kind in all banks must remain exactly where it is.

In the meantime, the Secretary of Treasury had it within his power to find out just how much cash there is in banks, the exact condition of every bank in the nation, and when those banks may safely be permitted to resume business. Under the decree, the Secretary is authorised to supervise the issuance of clearing house certificates. These will be fully guaranteed by the banks in the various cities and towns but they will be issued only where the Secretary is satisfied as to the liquidity of those banks. As in the depression in 1907, these certificates will be accepted as currency in normal trade. Where they are used, they may be placed back into the banks to the credit of regular accounts. As soon as the proclamation was issued, Mr. Woodin began the task of systematising the issuance of these certificates.

President Roosevelt Calls Extra Session of Congress

President Roosevelt, the day following his inauguration called a special session of Congress in order to deal with the banking crisis in the United States. The decision to summon a special session of Congress was announced after an emergency meeting of the Cabinet.

President Roosevelt subsequently stated that he was preparing an immediate program to meet the monetary emergency. It is expected that the first act of Congress will be to rush legislation permitting national supervision and co-ordination of the banking system with an aim to restoring confidence and so restart the banking system.

Anxious depositors in the United States withdrew $962,000,000 in 450 member banks during the week ending March 1, according to a statement issued March 7 by the Federal Reserve Bank.

Various modifications in the original presidential proclamation have since been made, among them being provisions for the supply of money for the handling of food. Federal Reserve Banks and other financial institutions will be permitted to make change in paper or coins, but no gold certificates will be paid out.

***

Financial Reaction in Shanghai Inconsiderable

Shanghai, which because of its international situation, is touched by the cross currents of world finance as is no other city in the world—which fact incidentally, has ingrained a certain stoicism in local banking and mercantile circles—has so far reacted only slightly to the American financial crisis. There has been no sign of excitement. The inevitable effect of course was a rise in the value of silver. Gold bars dropped slightly and exchange on the United States rose considerably. The local American banks are not included in the decree closing banks in the United States and continued business as usual. In an effort to provide the best possible service, the local American banks were offering to loan their clients silver money against the latter's gold credits. Travel agencies and steamship lines followed the same lines as the banks, either "loaning" or cashing at an arbitrary rate. The Chase and National City Banks were exchanging for the benefit of tourists and customers at the rate of 35 cents gold to one tael, this being at the rate of about four Chinese dollars to one American dollar. The reflex action of the gold embargo will have the effect of a rise in silver prices, as the gold embargo will probably continue for some time to come. The tendency is for a gradual rise in the value of silver and as a result there is expected to be a gradual drop in the value of local real estate.

In Shanghai, in the absence of official exchange rates, the Chinese cash shops were exchanging American and Chinese money on a basis of about four Chinese dollars to one American dollar.

As a result of the precipitate drop in the value of gold, eight Chinese native banks closed their doors in Hongkong March 7.

A run on the Peiping and Tientsin branches of the National City Bank of New York took place March 7, according to statements in the Chinese press.

Filipino Leaders Plan Fight Aainst Independence Bill

As the Democratic Administration has called an extraordinary session of Congress during this month, various prominent Filipino political leaders are planning to force a reconsideration of the independence bill granted by the present Congress, according to the *United Press*. With more poverty in the islands than has existed at any time since the United States took possession of them, many of the political leaders are in favor of asking the Roosevelt Administration for a "new deal." The latest attack on the bill of freedom already granted, is that it compels the Islands to support a form of Government that the people did not themselves establish and takes from them some of the means of supporting it.

Senator Quezon will shortly depart from Manila for Washington to begin work for a new independence bill.

Customs Employees Contribute to Airplane Fund

The *China Times* states that, as a result of contributions made by the employees of the Chinese Maritime Customs throughout the country, a sum of about $300,000 has been raised towards the national airplane fund. Remittances from remote places are still coming in.

British Tory Favors Recognition of Manchukuo

When Japan has established herself in Manchuria and restored order, Britain should not delay longer in recognizing her position there, declared Lieutenant-Colonel L. C. M. S. Amery, former Colonial Secretary, in a speech at Birmingham, March 3.

When that time comes, he added, England had better get on with her equipment at Singapore and put herself in a position to defend her rights and defend the League of Nations if she wants to support it, and finally to insist on a revision of the Covernant, eliminating the clauses containing penal sanctions.

Singapore Base Will Be Completed in September, 1935

In the House of Commons Feb. 22, Sir Bolton Eyres-Monsell, First Lord of the Admiralty, announced that the date for the completion of the Singapore Base under the Jackson contract is September, 1935. He said that there is no reason to suppose that it will not be completed by then. The total estimate for the work under contract and contingent services including preliminary work by the Admiralty was £5,145,000 sterling. The floating dock cost £971,000. No decision had been reached regarding erection of machine shops.

China Merchants S. N. Co. to Extend Services

Plans have been drawn up by the management of the China Merchants Steam Navigation Company for the purchase or building of 20 new ocean and river steamers for service along the sea coast and on the Yangtsze River. Of these twenty vessels, four will be put on the regular China-South Sea service, two on the Canton-Hongkong and Swatow-Amoy services, four on the North China route and four passenger vessels and four freight-ships on the Yangtsze River.

The Company is now negotiating with British, German and Danish ship construction companies with a view to negotiating the new purchases.

It is officially announced that at the close of the exchange operations on Febuary 28, out of 42,000 outstanding shares of the China Merchants Steam Navigation Company, the Government has purchased no less than 39,300 shares, leaving a balance of less than 6% of the total number of shares still not turned in. It is believed that at least some of the outstanding shares have been lost, and that a few shareholders may not have received notice in time.

William Phillips Named Under-Secretary of State

William Phillips, a former Ambassador to Belgium, has been appointed Under Secretary of State by President-elect Roosevelt. Mr. Phillips was second secretary of the American Legation at Peiping for four years, and upon his return to Washington in 1903 became chief of the Division of Far Eastern affairs.

Henry T. Rainey, democratic congressman, has been appointed speaker of the House of Representatives succeeding John Nance Garner (now vice-President) who was elected Speaker of the House in 1931.

Homer S. Cummings Acts Temporarily as U.S. Attorney General

Thomas J. Walsh, former Senator from Montana, who had been appointed Attorney General in President Roosevelt's Cabinet, died March 2 as the result of a stroke of apoplexy while travelling on a train towards Washington from Cuba, where had been married a week previously to the daughter of a wealthy Havana planter. Homer S. Cummings, former mayor of Stamford, Connecticut, has been temporarily appointed to succeed the late Mr. Walsh, but it is generally understood that Mr. Cummings will be appointed Governor General of the Philippine Islands.

Jesse I. Straus May Be Next Minister to China

Jesse I. Straus, New York merchant and banker, president of Manhattan's largest department store, R. H. Macy & Co., is being mentioned as likely to receive an appointment by President Roosevelt as Minister to China to succeed Nelson T. Johnson. The latter is a career man, but despite this fact, recent Washington telegrams indicate that great pressure is being brought on President Roosevelt to make a change not only in the post in Peiping but also in Tokyo.

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Mathematical Reserve Investments as at 28th February 1933.

MUNICIPAL LOANS AND DEBENTURES	
City Government of Greater Shanghai—Shanghai Rehabilitation Loan of 1932	$ 2,267,112.77
French Municipal Council—Shanghai	271,026.01
French Municipal Council—Hankow	71,255.06
Hankow 3rd. S.D.A.	229,823.45
CHINESE GOVERNMENT BONDS	
Chinese Government 2½% Surtax Treasury Notes 2nd. Issue	508,640.58
Chinese Government 14th Year Bonds	83,513.63
Chinese Republic 17th. Year Short Term Currency Loan	2,302,630.60
Chinese Government 18th Year Disbandment Bonds	145,647.72
20th Year Rolled Tobacco Tax Treasury Notes—4th. Issue	867,089.01
National Government 17th. Year Rehabilitation Short Term Bonds	1,410,357.37
18th. Year Military Reorganization Treasury Notes	235,650.88
20th Year Consolidated Tax Short Term Treasury Notes	141,218.44
Salt Tax Short Term Treasury Notes	38,440.25
DEBENTURES	
Anglo French Land	122,369.17
Cathay Land Co.	1,143,525.98
Cercle Gaulois—Hankow	41,318.35
Cercle Sportif Francais—Shanghai	151,176.56
China Realty Co.	2,683,044.65
China Transport	376,923.07
Grand Hotel de Pekin	3,401.40
Hankow Club	16,441.93
Hankow Race Club	100,000.00
International Investment Trust Co.	638,069.28
Shanghai Power Co.	980,769.23
Shanghai Telephone Co.	1,775,482.35
Societe Hoteliere du Siam	35,000.00
PREFERENCE SHARES	
American Asiatic Underwriters 7%	233,495.34
American Asiatic Underwriters 8%	257,180.57
Asia Realty Co., 8%	444,400.00
China Finance 8%	958,694.41
Shanghai Power Co., 6%	868,647.37
SHARES	
Asia Realty Co., "A" Shares	221,551.99
Cathay Land Co., Ltd.	184,003.49
Cie Francaise de Tramways et d'Eclairage de Shanghai	640,490.83
Credit Foncier d'Extreme Orient	191,617.07
Fonciere et Immobiliere de Chine	2,271,990.30
Metropolitan Land Co., "A" Shares	64,783.22
Metropolitan Land Co., "B" Shares	567,683.96
Siam Cement Co., Ltd.	29,625.00
SIAMESE 6% STERLING LOAN 1924	69,186.63
FIXED DEPOSIT—HARBIN	200,000.00
REAL ESTATE	7,760,411.25
MORTGAGES	2,909,626.72
LOANS TO BONDHOLDERS AGAINST THEIR BONDS	20,819,632.14
	$55,332.948.03

University of Nanking Assists in Crop Improvement

As a result of conferences between representatives of the "Mass Education Movement" under the leadership of Dr. Y. C. James Yen at Tinghsien, and representatives of the College of Agriculture and Forestry of the University of Nanking, arrangements have been made for cooperation between the University and the organization at Tinghsien. This cooperation will be especially along the line of crop improvement. Two men who have been trained in crop improvement at Nanking, Messrs. C. P. Tu and C. T. Tsing, have joined the staff at Tinghsien. Major efforts will be made toward the improvement of cotton and an attempt will also be made to improve the crops of kaoliang, millet, wheat and corn.

A meeting of the recently organized branch of the Chinese Medical Association was held on the evening of March 3 at the University of Nanking Hospital. The President of the Association is Dr. S. N. Cheer, Head of the Medical Department of the Central Hospital in Nanking. Demonstrations of clinical cases were given by the University Hospital staff and motion pictures of medical work abroad were shown.

Dr. H. H. Love, Agricultural Adviser to the Ministry of Industries, who has his headquarters at the University of Nanking, has just returned from Canton where he was called to confer with the Provincial officers and the officials of Sun Yat-sen University and Lingnan University relative to the development of an extensive program for rice improvement in South China.

Chairman of Shipping Board Defends U. S. Policy

Mr. O'Connor, chairman of the United States Shipping Board, outlined the Government's policies with respect to its merchant marine at a luncheon meeting of the Advertising Club of New York Feb. 1. He declared that the government had helped break a monopoly in shipping which had been built up by foreign nations prior to the World War and that these nations now resented the activity of the United States. He said, incidentally, that "the American people have decided that the merchant marine is sufficiently valuable as a great national asset, both in peace and war, to justify their moral and financial support. They have therefore granted certain Federal aids, in the form of construction loans and ocean mail contracts, with a view solely to making it possible for American citizens to compete on something like equal terms with ships flying alien flags."

Japanese at Shanhaikwan Defy Chinese Customs Service

The Inspector General of Customs, Sir Frederick Maze, reported March 1 that he had received a telegraphic message from the Commissioner of Customs at Chinwangtao stating that the latter had lodged a protest with the Japanese Consul General at Tientsin against the action of Japanese merchants at Shanhaikwan, who since February 1 for some weeks refused to comply with Chinese Customs formalities in spite of the fact that the Customs Station at Shanhaikwan, being within the Great Wall, is beyond question on Chinese territory, while the Customs revenue collected at this Station is, like that of the Open Ports of China, pledged for the service of international loans and indemnities in which Japan is a participator.

Dr. W. W. Yen Says Japan Ought to Leave the League

Dr. W. W. Yen, the chief of the Chinese delegation at Geneva, was interviewed at Berlin while on his way to Moscow to take up the post of Ambassador March 2 by the *Trans-Ocean* representative. Dr. Yen expressed the opinion that Sino-Japanese relations would naturally develop along economic lines, but that there would be no political cooperation except through the League of Nations. Dr. Yen expressed his doubts as to whether Japan would actually leave the League "though she ought to leave it," he said.

Earthquake in Japan Kills 1530 Persons

An earthquake and a series of tidal waves which struck the northern islands of Japan on the morning of March 3 caused the death of 1530 persons, injured thousands more and destroyed several thousand houses. The coast of Iwate and the Hokkaido were the districts most badly hit.

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Through tickets are issued and passenger's baggage registered through between the important stations on the Peping-Liaoning Railway and the South Manchuria, Chosen (Korean) and Imperial Japanese Government Railways. At Peiping connections can be made with the Peping-Hankow Railway and with the Peping-Suiyuan Railway and at Tientsin connections can be made with the Tientsin-Pukow Railway, for Tsinanfu, Nanking and Shanghai.

For information as to rates, schedules, accommodations, etc. apply to any Tourist Bureau, or communicate directly with the Superintendent of Transportation.

IMPORTANT NOTICE

Owing to the Japanese occupation of Manchuria, tickets are only sold to Shanhaikwan where the Peping-Liaoning Railway crosses the Great Wall. The Chinese Government Railways assume no responsibility for transportation or safety of passengers beyond Shanhaikwan.

Peping-Liaoning Railway

Head Office

TIENTSIN

An Advertisement of the Chinese Government Railways

No. 2

Men and Events

Japan last week bought five more old British ships. They are the *Benzada*, *Incalite*, *Canadian Ranger*, *Moeraki* and *Waitimata*.

The Chinese postal service announces the withdrawal of its employees from Jehol province, following the occupation of the province by the Japanese.

A full meeting of the members of the Central Supervisory Committee is scheduled to be held at Nanking March 15. Notifications have been issued to the various members to attend.

V. Meyer, head of Andersen, Meyer and Company, with Mrs. Meyer and Miss Rose Marie Meyer, departed from Shanghai last week on a trip to Europe by way of the United States.

Dr. Herbert Chatley will deliver an address on "Some further notes on the history of the days of the week" before the Royal Asiatic Society (North China branch), Shanghai, on March 16 at 5.30 p.m.

Roy G. Allman, of Charlottesville, Virginia, brother of N. F. Allman, American attorney, arrived in Shanghai last week to join his brother's law firm, which will henceforward be known as Allman and Company.

A consignment of 1,054 cases of the Peiping Palace Museum treasures arrived in Shanghai from Nanking March 5 by the s.s. *Kiang-ching*. They are being stored in the former quarters of the Chinese Lester Hospital.

Oscarde Oxholm, the new Danish Minister to China, presented his credentials to President Lin Sen at Nanking March 7. Minister Oxholm was introduced to President Lin by Dr. Lo Wen-kan, Minister of Foreign Affairs.

The Japanese authorities have decided to rename Jehol as Hsin An province, meaning prosperity and peace. General Chang Hai-peng will be appointed Chairman of the province, a recent Peiping message in the *Shun Pao* stated.

A daring bank robbery occurred in Nanking on the morning of March 3 when bandits raided the Nanking branch of the Shanghai Commercial Savings Bank and carried off money and securities worth many thousands of dollars.

Cable messages of congratulation to Franklin D. Roosevelt, on the occasion of his inauguration as President of the United States, were despatched by President Lin Sen and Dr. Lo Wen-kan, Minister of Foreign Affairs on March 4.

Ward Price, assistant editor of the London *Daily Mail*, who visited Japan with the world tourists aboard the *Empress* of *Britain* had an audience of the Emperor on March 7, thereby setting a precedent, as he is the first foreign journalist thus honored.

With the approach of warmer weather, pleasure trips over Shanghai and its environs by airplane will be resumed by the China National Aviation Corporation, it is announced. This service was first instituted last summer but was suspended during the winter.

Although the Chinese Government has decided not to participate in the forthcoming Chicago Exhibition many producers in China who have sent their articles to Shanghai have decided to participate in the Exhibition as individuals, financing the trip themselves.

At the next tiffin meeting of the Pan-Pacific Association to be held Wednesday, March 15, at Ladow's Tavern, Shanghai, Leslie Alfred Falkner, of New Zealand Perpetual Forests, Ltd., will speak on "New Zealand Today." The lecture will be illustrated by moving pictures.

Baron Jules Guillaume, Charge d'Affaires at the Belgian Legation in Mexico, has been appointed Belgian Minister to China. The new Minister is due to arrive here on April 3. Baron Guillaume was Counsellor at the Belgian Legation in China prior to the Republican regime.

Harrison Forman, who sued L. E. Gale Inc., in the U.S. Court for China for G.$2,600, alleged to be unpaid commissions, was awarded a net amount of G. $60.16 by Judge Milton D. Purdy March 6. In coming to this decision the Court took into consideration defendants' counter-claim for Mex. $2,796.15 for money advanced and equipment supplied.

Reports of the Volunteer Corps, the Fire Brigade, the Municipal Police and the Municipal Advocate's Department make up the first section of the annual report of the Shanghai Municipal Council issued March 8. The report covers routine matters, being mostly a resume of reports made during the year.

Ralph Harris, who is connected with the R. K. O. Pictures in Hollywood, arrived in Shanghai last week on a business trip.

T. C. Chu, chief inspector of the salt revenue department and the head of the Yen Wu Shu, of the ministry of finance, and Miss Grace Chu, former teacher of the Yenching University, and niece of Hsiung Hsi-ling, former prime minister, were married in the Community Church March 6 by Rev. Emory W. Luccock, pastor of the church.

For the third time within a month, a factory explosion has occurred in the Shanghai district, this time at Pootung. Five workers were injured, two of them seriously by an explosion which occurred at the Tien Hua Soap Factory at Tung Chia Tu, Pootung on the evening of March 6. It was caused by the bursting of a boiler which had been subjected to excessive pressure.

Wu Nan-ju, former director of the Intelligence Bureau of the Foreign Ministry and new Counsellor of the Chinese Embassy in Moscow, departed from Shanghai Feb. 20 via America enroute to Moscow. He stopped over in Japan where he conferred with Chiang Tso-pin, the Chinese Minister, who has in the meantime returned to China to confer on the Sino-Japanese situation.

When five alleged communists, were brought before the Special Court in Shanghai for trial March 2, and asked if they were not communists, as they claimed, why should they interest themselves in books on communism, they replied, "We bought those books only yesterday from a second-hand book store for reference purposes because we wanted to see the Soviet picture, the 'Road to Life!'"

As a gesture of protest against the debacle in Jehol, Dr. Wellington Koo and his associate delegates at Geneva offered their resignations, but the resignations were later withdrawn at the request of the National Government. Interviewed by the press, a spokesman of the National Government said March 2 that the resignation of the Chinese delegates at Geneva was already "past history."

Dr. Louis N. Tchou, minister plenitpotientiary, councillor and concurrently director of the department of international affairs of the Waichiaopou of the National Government of China, arrived in Calcutta Jan. 24 on an official tour of investigation concerning the overseas Chinese as well as consular officials. Dr. Tchou, accompanied by his secretary Chow Yee-ton, departed from Calcutta Jan. 29 for Rangoon.

Japanese Seize 100 Ford Trucks Belonging to Chang Hsueh-liang

Officials of the Ford Motor Car Company in Shanghai confirmed a report from Tokyo, dated March 7, stating the Japanese had diverted a shipment of 100 Ford trucks intended for Marshal Chang Hsueh-liang from Tientsin to Dairen. The trucks are now being held by the Japanese naval officials at Dairen. The Tokyo report which appeared in the Chinese newspapers on Wednesday of this week stated that the shipment of 100 Ford heavy trucks, which had been assembled in the Ford plant in Japan, had been routed from Japan to Tientsin, but the crew of the Japanese ship had refused to make delivery and had brought pressure on the captain of the Japanese steamer, causing him to take the shipment to Dairen. The statement said that the Japanese crew of the vessel had refused to deliver war material which might be used against the Japanese forces operating in north China. The shipment of Ford trucks was sold to Chang Hsueh-liang through the American-Chinese Company, an American firm in Tientsin which serves as agent for the Ford Motor Car Company in north China. It is understood a strong protest against the Japanese action has been lodged with the Japanese Government through the American Embassy in Tokyo.

Russia Declines League Cooperation in Manchuria Issue

The Soviet Government March 6 notified the League of Nations that it will not associate itself with the League Assembly's decisions in regard to Manchuria and that it will not participate in the consultative committee which was created.

In the letter notifying the League of the Government's decision, M. Litvinoff, Commissar of Foreign Affairs, was plainly aiming at the United States when he said that many of the nations which would participate in the work of the Consultative Committee were not in diplomatic relations with the Soviet Union and hence must be considered as hostile toward Russia.

Who's Who in China

Tan Cheng, Vice-President of Judicial Yuan; born at Tao-Yuan District, Hunan, 1883; graduate of the Waseda University, Japan; was imprisoned for engaging in revolutionary activities against Manchu Dynasty in 1907, but liberated after the overthrow of the Ching Dysnaty; Senator of the Provisional Parliament, 1912; member of the Lower House of Parliament, 1913; member of the Standing Committee of the Special Committe of the Nationalist Government, Nanking, 1927; Viee-President of the Legislative Yuan and concurrently Acting President of the Yuan, 1932; Vice-President of the Judicial Yuan and concurrently Chirman of the Commission for the Discipline of Public Functionaries, National Government, Nanking, since Nov. 1932; address: Judicial Yuan, Nanking.

Tan Cheng
覃振字理鳴

覃振字理鳴，年五十歲，湖南桃源縣人，日本早稻田大學畢業，清光緒三十四年以運動革命事敗入獄，反正後始得釋，民國元年任臨時參議院議員，二年任衆議院議員，十六年任國民政府特別委員會常務委員，二十一年任立法院副院長兼代院務，是年冬改任司法院副院長兼中央公務員懲戒委員會委員長。

Dailai Lama to Compensate Tsinghai Residents for Losses

As a result of prolonged negotiations between representatives of the Dalai Lama of Tibet and the provincial authorities of Tsinghai, an agreement has been reached for the immediate cessation of hostilities between the two provinces, a recent Nanking telegram stated. The agreement contains twelve articles. It is stipulated that the Dalai Lama shall compensate the inhabitants of Tsinghai for any losses sustained as a direct result of the recent Tibet-Tsinghai hostilities while the authorities on both sides shall withdraw their respective troops to their original positions. General Ma Pa-fang of Tsinghai has submitted the draft of the peace agreement to the Commission for Tibetan and Mongolian Affairs for approval before it is formally signed.

Dutch Boxer Indemnity Agreement Reached

A Nanking message announces that an accord has been reached between the Ministry of Foreign Affairs and W.J.R. Thorbecke, Netherlands Minister to China, concerning the disposal of the Dutch share of the Boxer Indemnity to be refunded to China. The views of the Chinese and Netherlands Governments had been at variance regarding the matter, the former advocating application of the funds to conservancy projects in the neighborhood of the Capital. The Netherlands Government favored the use of the funds for the development of Haichow Harbor. As a result of the negotiations, however, it has now been agreed to expend the fund in three ways, namely, for conservancy work in Nanking, an endownment fund for cultural purposes, and scientific research.

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New Books of Interest in the Far East

J. O. P. Bland: "The Pity of It"

China: The Pity of It, by J. O. P. Bland. William Heinemann Ltd., London. 8/6 net.

It is with a feeling of pity that the reviewer undertakes to write a review of J. O. P. Bland's latest and perhaps last collection of his sputterings on China: "China, the Pity of It." The profuse and indiscriminate invectives and execrations on China and others, including his own Government and fellow countrymen, which characterise this book, are what one expects from Bland's writings on China and takes for granted. They only tend to lower his status as a man of decency and decorum and will not exasperate the Chinese public. But the pity of it is his sad state of mind, which really evokes a measure of grief even from the most intolerant. It is indeed a very distressing sight to witness that Bland, almost blind by age (he being 70 this year), and virtually blind by ignorance of current conditions due to long absence from China and utter lack of personal contact with men and affairs, makes this last effort to win a hearing and a little personal publicity before passing into oblivion by pitting his rhetoric against the march of time and events. The pity, or rather the joke, is enhanced by the fact that he has taken the drudgery to write this book for no other purpose than that as unblushingly expressed in the publisher's blurb "the enlightenment of any student of Chinese Affairs, perplexed and confused—." Without depreciating in the least his rather pretentious claim, it can be said with fairness that if there is any man in the world worse qualified to write a book on present-day China, especially the period covered by the book, there can be no other than J. O. P. Bland. Not only is he personally unfamiliar with the kaleidospic changes which have taken place in China since 1911 and which appear most difficult even to the constant resident observer to follow and appreciate, his diehard attitude and deep-seated prejudices make it a hopeless task for him to write fairly and dispassionately on China and condemn his utterances as biased and unsound which, instead of enlightening people, tend only to confound the confusion of an already perplexing situation.

To judge the value of a book, there seems to be no better way than an evaluation of the author himself. In connection with Mr. Bland, there is no more accurate appraisal of the man and his mental state than that given by his fellow-country man, O. D. Rasmussen in an article in *The China Critic* on Jan. 14. Referring to his loss of popularity and credit in England, Mr. Rasmussen paid him tribute in the following words: "His chauvinism, his bias, his prophecies, his roaring cacophonies were so alike, so deadly uniform, and so invariably incorrect, illogical and stupid that even the most anti-Chinese editors (in England) saw that his loud protestations were really a weakness and lost rather than gained ground for their policies." Thus denied of his opportunities to pour out his sputterings on China in the papers, "he has resorted to a book once again." The motive which animates Mr. Bland in writing this volume seems also to raise suspicion and Mr. Rasmussen shrewedly observed thus: "Whether his old employers, the Japanese Military Clique, who found him so useful in Shanghai when he was secretary to the S. M. C., are responsible or not, it is hard to say. But it does seem a pity that Bland, a very old man, should be pitting his rhetoric against the march of time." Without being dogmatic in this respect, it seems that Mr. Rasmussen's questioning is not without justification, when one comes to read his Chapter on Manchuria in the book, in which he betrays most glaringly his bias for the Japanese and tends to justify Japanese seizure and control of the Three Eastern Provinces. However, whatever his motive may be, it appears fairly certain that the book was at least inspired; for otherwise, Bland would have never taken the trouble to write it at this stage of his life without anything to compensate his effort. Further, as an illustration of his contemptuous attitude towards the Chinese people, one more quotation from Mr. Rasmussen's article seems pertinent: "It was during Bland's regime (as Secretary to S. M. C.) that the Chinese characters, no dogs and Chinese admitted, were permitted to stand in the Public Gardens." Such is the background of the man in attitude, ideas and in information, who is the author of the present volume. Could there be any man worse equipped and qualified to write an enlightened, informative, accurate and impartial study of modern China? Indeed, without taking the trouble to dive into the contents of the book, one can readily imagine what can be expected from his prejudiced mind.

As a whole, ths book is nothing but a wholesale condemnation of men and things and an embodiment of simply so many "Hates" manifested in their most odious and reprehensible forms. In his furies and fulminations to the right and left, against people and affairs, ideas and policies, not only has he committed serious breaches of manner and good taste, but some of his utteranees are so blankly malicious and downright slanderous that cast him beyond the pale of decent society. By age and outlook, Bland has now become an incorrigible diehard of the worst type with a mind decayed by preconceived and firmly fixed ideas and impervious to any new thoughts and conceptions. While condemning any one with any progresssive or enlightened ideas as a sentimentalist or idealist, he poses all along as a realist—a most ridiculous claim in view of his age, his diehardism and his long retirement from the Far East (He has never been out to China since 1910, except a cursory visit to the country in 1921). He has his pet ideas and schemes about China and his realism consists of nothing but "hard and harsh dealing with the Chinese." As a chauvinist and imperialist, he persistently and emphatically advocates not only international intervention of China by the Powers, but virtually armed "White" domination of the East. His superiority complex for his own race and his lofty disdain for the "Asiatics" constitute an insult not only to China, but all Asia, including his one time employer, the Japanese. He inordinately exalts the virtues of the "White" man as being active (he means aggressive), self-helping and enterprising, who are God-ordained to dominate the passive, weak and non-resisting Asiatics. As a typical posture of Imperialistic Mititarism, he says that the Powers' policy of conciliation and forbearance has never won the respect or good will of the Asiatics and that it seems to him that the only effective way in dealing with them is force. Overflowing with his crocodile tears for the suffering peoples of China and India, Bland argues that the foundation of true humanity is justice and justice for the weak necessitates some form of protection and that the nations which most urgently need protection as "Wards of Civilization" today and for many a day to come, are China and India. These statements are some of the high-lights of the book; perhaps, not a more chauvinistic and imperialistic piece of literature could have been produuced by a living man.

While the central thesis of this book is that China has been petted too much and too long by the Powers, particularly the United States, that they must cut short with their fooling any more and bring the truculent Chinese to sense by international armed intervention, specifically, the book is an indictment of American selfishness in sponsoring the Washington Conference, which inaugurated the policy of patient conciliation and non-interference, which has so long spoiled China. In his long list of condemnation and denunciation, while Americans in general and American missionaries in particular constitute his favorite targets of attack, unfortunately, so many abstract and immaterial things have also fallen under his relentless thrust, such as, sentimentalism, liberalism, idealism, internationalism, idealistic optimism (for China), self-determination, racial equality, so on and so forth. Men and things in his own country and Europe which have the equal misfortune of being included within the pale of his condemnation are, the Foreign Office, the F. O. School of Thought, the Chatham House, Russells, Wells, Toynbees, Shaws and finally the League of Nations. One and all are cursed for being too progressive in ideas and too liberal in dealing with the turbulent and unruly Chinese. "Damn it, they all don't sing my favorite tune and urge international intervention of China" that is the virtual sense of his fulminations.

However, despite an already too wide range, the list of his condemnations does not here end. His "Hates" for China are even more devastating and all embracing. With the possible exception of the Manchu House and the Confucian School of Thought and Morality and some other symbols of the past, all China else, men and things, starting from the 1911 Revolution, are ruthlessly arraigned. On the top of all, stand the Cantonese, "the damned arrogant Cantonese who are so fond of patriotism, anti-imperialism and who have so mishandled China during his absence." Associating with his condemnation of the Cantonese, are Dr. Sun Yat-sen, the Kuomintang he founded, all the Governments under the Republic, China's Modernists and Intellectuals, the students in general and American-educated Chinese in particular, China's experiments with Democracy and Westernisation, etc. Utterly devoid of any sense of decorum, he passed many a malicious

and undeserved slanderous remark on Dr. Sun, particulary in reference to his Revolutionary Work and his marriages. Throughout the book, he consistently maintains that all attempts on the part of China to Westernise or Modernise herself after the pattern of the West are bound to end in failure and that the Chinese people are utterly incapable of understanding or practising the democratic institutions. In other words, he is convinced that they are born to be ruled and can never rule themselves. To him for the sake of China and his active and enterprising race, if he is a little more liberal, all the "Whites," there is no third alternative for the salvation of China but either a restoration of an autocratic Monarchy, preferrably the Manchu House under Japanese protection or White Domination with a sort of rigorous and iron rule patterned after the usual Imperialistic type of the British in India. What a paradise would China be, as Manchuria under the Japanese now is, if these splendid "Whites," particularly his own active, self-helping, enterprising and courageous countrymen, should be given a free hand to rule those passive, non-resisting and degenerating Chinamen, tutoring them how to obey under iron heels and making them their favorite "Ward of Civilisation." What pity it is that the great Briton, Bland, so advanced in age as fast approaching his day of doom, can not live to see the realization of this splendid scheme with his own eyes!

In connection with this matter of political reform of China, it must be admitted that the country is still at cross roads, but it seems a little too presumptuous that the political systems in the West really represent perfection, as Mr. Bland seems to claim. It is indeed still a matter of question as to whether Westernization of China or the adoption of the so-called democratic institutions of the West will be a blessing or a curse to China, and as yet there is no determinate tendency in China that she, having exhausted her own genius, must follow the foot-steps of the West in this respect in her task of regeneration. While Mr. Bland rightly blames China for all the chaos and confusions which have afflicted her during the past two decades, one historical fact which he fails to grasp is that China is passing through a most trying period of transition from the Medieval Age to the Modern Era and that a new dispensation is still in evolution. If he has any historical sense, he would have readily appreciated that the Revoluion and transformation of a Continent is no simple matter—which must necessarily be accompaned by long years of political upheaval. The chaos and confusions which mainly resulted from the lack of national unity and a strong central Government and the collapse of the old system and authority, represent only the seamy side of the situation. However, despite these unfavorable aspects, it must be noted that some real and definite progress has been made, as officially testified by the Lytton Commission Report. While the West has indeed much to offer to China in the way of science and the materialistic inventions which science has produced, there, however, has been a growing recognition among China's leaders that salvation of China must come from within and can not be accomplished by blind imitation of the West. But to satisfy Mr. Bland, if China has become sufficiently materialistic and militaristic so as to be able to compete on equal terms with the West in war equipment, enterprise and aggressiveness, China would have been considered as saved and pronounced as a Great Country in the world. The main trouble with China now is that she is too weak and too ill-equipped militarily to resist foreign aggressions. Militarism or militaristic Imperialism of the Japanese type, at the least in the eyes of Mr. Bland, still constitutes the criterion of the standard of the civilization of a country in the world, despite the progress of the world in the road of liberalism and peace efforts during the past decades after the World War.

The book contains so much diehardism, bias, prejudice, unsound and illogical reasoning and mis-information that to write a thorough criticism of it will involve as bulky as volume as the book itself. But Bland, old, obstinate, ill-informed and thoroughly discredited is not worth the trouble and time. In fact, the reviewer regrets that already too much time has been wasted in going over the book and decides that no further sacrifice should be made for his sake. As a testimony to his ignorance of the current conditions in China, let the review be closed with the following references of mis-statements of facts in the book: "the deportation of Hallent Abend and Rodney Gilbert by the National Government (on pages 156-157), *People's Tribune*, a monthly journal (a weekly, not a monthly), Chou Lu, ultra-red president of Chun-shan University at Canton, Frederick Whyte, adviser to the National Government (no longer for many years.)"

C. H. Hoh.

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H. O. Tong,
Superintendent of Customs,

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 6th March, 1933.

A Scholarly Interpretation of the East

Est.-Ouest Reflets Croises (In French). By Dr. Sie Cheou-kang, former Chinese Charge d'Affaires at Brussels, now member of Legislative Yuan. Editions: "Labor" Paris and Brussels. 12 (French).

This book "East and West" is a valuable contribution to recent literature in French. Despite its rather unpretentious number of pages, it constitutes a highly scholarly interpretation of the East to the West. As a student of both Chinese and French literatures, author of several distinguished papers on political economy, diplomatist, and playwright in French of the well-known piece "Le Jade Brise," Dr. Sie is eminently qualified to undertake the task which he has assumed for himself. Although essentially a collection of his lectures delivered at different times during the past few years in Europe while serving as Charge d'Affaires of the Chinese Legation at Brussells, the book covers a wide range of subjects and will enable a reader to understand and appreciate many things, cultural, political or otherwise, in both Ancient and Modern China. To those who read French, the book is a source of delight and instruction.

Most of the lectures which constitute this volume were delivered at various centers of learning or organizations of cultural interest and some of the important subjects he discussed may be listed below: New China, Nationalist Government: Its Organization and Functioning; Chinese Literary Renaissance, Chinese Theatre, Orient and Occident, New China and Century-Old Belgium, Commemoration Speech on Dr. Sun Yat-sen, etc.

As a testimony of the value of these lectures and a tribute to the author, M. Paul Hyman, Minister of Foreign Affairs of Belgium and the Belgian literate, M. Gustave Vanzype, have written prefaces to the book and both commended highly Dr. Sie's deep learning and erudition and his valuable work in helping the West to understand the East. M. Hyman's foreword occupies several long pages and is an instructive piece in itself. After expressing his great admiration for the Chinese culture, M. Hyman says:

"We thank Dr. Sie Cheou-kang, Dean of College of Letters of the Central University at Nanking, Charge d'Affaires of the Republic of China at Bruxells, for having thought to publish his studies on Ancient and Modern China. A graduate of the "Ecole des Sciences Politiques," in Paris, Master of Social Science of the "Universite de Lausanne," Doctor of Economical Science of the "Universite de Bruxelles," man with a thorough knowledge of Western literatures and even a dramatist in French—the "Theatre de Parc" of Bruxelles played with great success one of his pieces: "Le Jade Brise," Dr. Sie is particularly competent and qualified to serve as an intermediary between the Chinese elite and the European Intellectuals. His erudition comprehends not only literature but also political science and thus he combines in himself at one and the same time, a statesman, diplomat and a man of letters and science. And because of his erudition in all these fields, he has succeeded in co-ordinating his action and thoughts and certainly, none can complain of his work, as a poet's "d'un monde ou l'action n'est pas la soeur de reve."

"The studies in this little volume are quite different from those amiable but superficial conferences or discussions which do not let the intelligence and substantial ailment. They tighten and search the aim; they draw broad lines, then fix the detail and render the tint. It is indeed a joy to the spirit to look over, under the conduct of a learned teacher, this long history of China, since the legendary Emperors, inventors of medicine, architecture and writing until the bold innovator, Sun Yat-sen, Creator of New China. (Here, M. Hyman comments and applauds the political genius of Dr. Sun in framing the Five-Power Constitution, as explained and interpreted by Dr. Sie in this book).

"Dr. Sie explains in most lucid terms the principles of Confucianism which by long centuries had fashioned the Chinese Society. After making a study of the Chinese writing and language, Dr. Sie traces the causes of slow evolution in Chinese literature until the movement of revival which marked the beginning of this century. One reads with great pleasure his history of the Chinese theatre that leads us from the "Jardin des Poiriers" school of comedy established in 720 under the Tang Dynasty until the very recent trials of the national tradition and the nationalism of European theatre.

"This volume also reprints an article entitled 'Mes Impressions sur la Belgique centenaire' which testifies to a knowledge and comprehension of Belgium which one very rarely finds in a man from our neighboring countries, the less so in a man coming from a country different from ours. The author there shows sincere admiration for Beligum and thus we not only appreciate his intelligence and culture, but also his hearty friendship for us.

"His book helps us to enter into the mentality of an immense people, now engrossed in the great work of reconstitution. We admire the treasures of their ancient civilization and we wish all happiness and success to the Youth Republic of China.

"In giving this country a lucid sketch and just ideas, the author, diplomat, artist and literate, not only contributes greatly to the cause of the spirit, but also promotes international understanding." C. H. H.

READERS of *The China Weekly Review* who may be interested in obtaining copies of any books which have been reviewed in these columns, may obtain them by sending their orders in care of *The Review*....If obtainable in Shanghai the books will be mailed immediately at retail prices prevailing in Shanghai, plus postage, or if not obtainable here, they will be ordered from the publishers abroad. Send orders or inquiries to Book Editor, *The China Weekly Review*, 38 Avenue Edward VII, Shanghai.

British Court Holds Brig.-Gen. Macnaghten Not Liable

By a decision given by Judge Peter Grain in the British Supreme Court in Shanghai March 7 in the suit brought by the Greyhound Racing Association, (Luna Park) for $2,500,000, Brig.-General E. B. Macnaghten one of two defendants was eliminated, the Court sustaining the contention of counsel that there was no claim as against him. The Court, held, however that the case against Capt. R. M. J. Martin, the other defendant, should proceed. Counsel for defendants in his address to the jury made some stinging references to the plaintiff organization as a gambling concern.

Missionaries Safe at Lingyuan

According to a recent telegram received from Lingyuan, the town in southern Jehol where there was some fighting during the Japanese advance, peace and order have now been completely restored there, and refugees are returning to the town. There were four British missionaries there, one American and one German missionary. They are quite safe.

Anton Cermak Succumbs to Assassin's Wounds

Anton Cermak, the mayor of Chicago, died at Miami, Florida, March 6, at the age of 59, as a result of the wounds inflicted on him Feb. 16 by an Italian named Zingara. He had been kept alive by oxygen and blood-transfusion treatment. He was a native of Czecho-Slovakia.

Homer S. Cummings Appointed Governor-General of Philippines

Homer S. Cummings, "the balance wheel" of the Democratic party has been appointed Governor-General of the Philippines.

The appointment of Mr. Cummings was announced in Washington March 2 immediately after the arrival of President-elect Roosevelt, who lived in the Mayflower hotel before his inauguration. The appointment was received with general approval in Democratic circles.

New Soviet Ambassador Due Here in a Few Days

Dmitri Bogomoloff, the newly appointed Soviet Ambassador to China, is due in Shanghai within a few days. He departed from Moscow Feb. 25, travelling via Siberia. Incidentally plans are being pushed forward for the re-opening of the Soviet Consulate building, opposite the Astor House in Shanghai. It is understood however that M. Bogomoloff's headquarters will be in Avenue Haig.

Proletarian Japanese Writer Dies Following Police Arrest

Takiji Kobayashi, a popular proletarian Japanese writer who was apprenhended recently by the Tsukiji police while allegedly communicating with radicals in Akasaka Ward, according to the *Tokyo Nichi Nichi* suddenly died of "heart disease" later that afternoon. According to the account, while he was being questioned at the Tsukiji Police Station, the young writer (aged 31) appeared to be in a very weak condition. He was taken to the Maeda Hospital, a few doors from the police station, where he succumbed the same day.

Police oppression at the time of the funeral of Kobayashi several days later resulted in a concerted more by fellow radical authors to attack Government officials. The Tokyo police thereupon arrested two alleged Communists named Arita and Kohuma who were alleged to have distributed a manifesto calling for reprisals. The Police claim to have discovered an address book giving the names of Communists said to have engaged in re-organization of the party, as all former officers have been arrested. The arrest of these two young authors prevented possible destruction of the Metropolitan Police Board, the Ministry of Home Affairs and the Tokyo District Court the following day, the Tokyo police claimed.

A Lunch That Was Not Required

The *Japan Chronicle* in a recent issue stated that there was something very sinister in a news article in the *Japan Times*. It relates how Professor Otsuka, arrested on charges of Communism, had been in jail for forty-four days, during which time his wife had brought him lunch every day. The news item in question went on to say that "the accused's wife as usual appeared at the Kojimachi police station promptly at 10.30 o'clock to bring him his dinner. The officer in charge told her that he was extremely sorry.... she understood the significance of his statement and immediately turned pale. She thanked the officer for his assistance and, crestfallen, left the police station.... The noon luncheon which she had carefully prepared for her husband and which the latter looked forward to daily while in the detention room failed to serve its purpose."

It is odd, commented the *Chronicle*, according to Western ideas, to keep a man forty-four days pending the "finding of something to implicate him." But the procurator's examination is not a conviction. After it, as before, the prisoner is still only a suspect. So why should the lady turn pale and why should the lunch not be required?

Japanese Jailed for Possession of Machine Gun in United States

The Japanese Consulate General at San Francisco Feb. 22 requested release of T. A. Miya, a Japanese citizen, who is being detained by police at Salinas, California, for illegal possession of weapons including a machinegun, rifles, gas masks, etc. The Consulate General said the seized weapons are the property of the Japanese government and were loaned Miya for exhibits during a lecture tour which he is making among Japanese living in southern California.

The Salinas Country authorities insisted on holding Miya pending investigation of his activities as they were not certain whether Miya was attempting to induce Japanese living in the United States to enlist in the Japanese Army or was engaged in some other activity.

Airplane Works in U.S. Bar Admittance to Three Japanese

War Department officials in Washington Feb. 24 announced that three Japanese visitors were denied admittance to the plant of the Glenn Martin Company, Baltimore, which is building 38 new type bombing planes for the United States Army. The officials added that the visitors were treated as any foreign visiters would be. The Japanese who were denied admittance were Messrs. Taikichi Hattori, Junchi Miyata and Yoshito Ito, representatives of the Okura Trading Company, official contractors to the Japanese Government.

U. S. Consul at Nagasaki Dies in Yokohama

Henry Booth Hitchcock, the American Consul at Nagasaki, died suddenly at the General Hospital in Yokohama March 2. Death was due to coronary occlusion, a heart attack caused by a clot in the blood stream.

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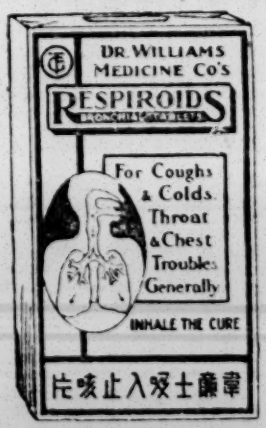

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Full Text of the Report of the League Committee of Nineteen

(The publication of the full text of the Report of the Committee of Nineteen, constituted by the League of Nations to investigate the Sino-Japanese dispute, adopted by the Assembly on Feb. 24, was commenced in the Mar. 4 issue of "The Review." The latter part of the Report, consisting of the Recommendations, was published in the issue of Feb. 25).

(Continued from last week)

The Shanghai Hostilities: Origin of the Hostilities Outside Manchuria, from January, 1932

The situation became worse at Shanghai.

In connection with Shanghai the League received four reports on events, from their beginning up to March 5th, from the Consular Commission which was set up on the spot early in February, 1932. Later events are described in the report of the Commission of Enquiry, which was constituted, as already explained, in January, 1932, and arrived at Shanghai on March 14.

In this port, as in other parts of China, the serious anti-Chinese riots which had occurred in Korea—as described in the report of the Commission of Enquiry—led from July, 1931, onwards to a boycott of Japanese goods. The occupation of Manchuria by Japanese troops intensified the boycott with, in certain cases, the active support of official organizations and the Chinese Government. Japanese trade suffered heavy losses. The tension between the nationals of the two countries became acute and serious incidents occurred, as a result of which the Japanese residents in Shanghai requested the dispatch of troops and warships to put down the anti-Japanese movement. The Japanese Consul-General then presented five demands to the Chinese Mayor of Greater Shanghai.

The Mayor stated, on January 21, that he had difficulty in complying with two of these demands: namely, (adequate control of the anti-Japanese movement and the immediate dissolution of all anti-Japanese organizations engaged in fostering hostile feelings and anti-Japanese riots and agitation.)

On the same day the Admiral in command of the Japanese Naval Forces publicly announced that if the reply of the Chinese Mayor were unsatisfactory he was determined to take such measures as might be necessary to protect Japanese rights and interests. On January 24 Japanese naval reinforcements arrived off Shanghai. Rumors were current that the Chinese troops in the Chinese quarter, Chapei, were also being reinforced. On January 27th the Japanese Consul-General asked for a satisfactory reply to his demands by six o'clock on the following morning. The Mayor, who had informed the representatives of the Powers of his intention to make all possible concessions to avoid a clash, succeeded in securing the closing down of the anti-Japanese Boycott Association and the Chinese police closed its various offices on the night of January 27-28. On the morning of January 28th the Japanese Admiral notified the other foreign commanders of his intention to act on the following morning if the Chinese had not sent a satisfactory reply. The Municipal Council of the International Settlement met and decided that a State of Emergency should be declared as from 4 p.m. on the same day. At 4 p.m. the Japanese Consul-General informed the Consular Body that a Chinese reply accepting all the Japanese demands had been received: that this reply was entirely satisfactory, and that, for the moment, no action would be taken.

Meanwhile the Defense Committee of the International Settlement, carrying out the plans called for by a State of Emergency, assigned to the different foreign forces the sectors they would have to defend. The Japanese sector, as fixed by the Defense Committee, included not only a part of the Settlement but a salient extending beyond, bounded on the west by the Shanghai-Woosung Railway. The Japanese Naval Headquarters are situated near the northern extremity of this salient and, in normal times, there are posts of Japanese marines on two roads, North Szechuen Road and Dixwell Road, which belong to the Shanghai Municipal Council. At 11 p.m. the Japanese Admiral, referring to the State of Emergency, announced that the Imperial Navy, anxious as to the situation in Chapei where numerous Japanese nationals resided, had decided to send troops to this sector and hoped that the Chinese forces stationed in Chapei would be speedily withdrawn to the west of the railway.

One hour later Japanese marines and armed civilians proceeded towards the railway, the last detachment attempted to reach the station by the Honan Road gate leading out of the Settlement and the defense sectors. It was stopped by the Shanghai Volunteer Corps, who were guarding this sector and who had received strict orders based on the principle that the duty of defense forces was to defend and not to attack.

The Japanese troops sent to the Chapei sector in conformity with the plan of defense came into contact with the Chinese troops, which, as the first report of the Consular Commission notes, would not have had time to withdraw even had they wished to do so.

Discussions of the Council: Reference to Article X of the Covenant. First discussions of the Assembly under Article XV. Termination of the Shanghai hostilities.

This was the beginning of the Battle of Shanghai, which the Council—then in session at Geneva—and the Powers having special interests in Shanghai repreatedly endeavored to stop It was immediately after the serious incidents described above that China, on January 29, asked that the dispute should be dealt with under Articles X and XV.

On February 16 the members of the Council, other than China and Japan, addressed to the Japanese Government an urgent appeal calling attention to Article X of the Covenant, from which it appeared to them to follow that:

> "No infringement of the territorial integrity and no change in political independence of any member of the League brought about in disregard of that Article ought to be recognized as valid and effectual by members of the League."

On February 19 the Council, at the request of China, referred the dispute to the Assembly. The Assembly was convened on March 3.

The Council, before the Assembly met, made a last effort to stop the fighting by proposing, on February 29, that a round-table conference should be set up in Shanghai subject to the making of local arrangements for a cessation of hostilities.

The proposal of the Council was not carried into effect. As fighting continued, the Assembly, after hearing the representatives of the two parties on March 3, adopted the following resolution on March 4, 1932:

The Assembly,

Recalling the suggestions made by the Council on the 29th February and without prejudice to the other measures therein visaged,

(1) Calls upon the Governments of China and Japan to take immediately the necessary measures to ensure that the orders which, as it has been informed, have been issued by the Military Commanders on both sides for the cessation of hostilities, shall be made effective;

(2) Requests the other Powers which have special interests in the Shanghai Settlements to inform the Assembly of the manner in which the invitation set out in the previous paragraph is executed;

(3) Recommends that negotiations be entered into by Chinese and Japanese Representatives with the assistance of the Military, Naval and Civilian authorities of the Powers mentioned above for the conclusion of arrangements which shall render definite the cessation of hostilities and regulate the withdrawal of the Japanese forces. The Assembly will be glad to be kept informed by the Powers mentioned above of the development of these negotiations.

On March 5 the Government of the United States of America intimated that the American military authorities at Shanghai had been instructed to co-operate.

The proposed negotiations began at Shanghai on March 14. On two occasions the Committee of Nineteen set up by the Assembly intervened, at China's request, to smooth away difficulties. An armistice was finally signed at Shanghai on May 5 and the withdrawal of the Japanese troops began on the 6th. By May 31 the divisions sent from Japan to Shanghai had been rre-embarked, one of these divisions, the 14th, being sent to Manchuria. On July 1 the Assembly was informed that the Japanese naval landing troops, with very reduced effectives, were still temporarily stationed, in accordance with the agreement of May 5, at a small number of posts adjacent to the Settlement and to the extra-Settlement roads. These detachments were afterwards withdrawn.

The Chinese consider that the Japanese intervention at Shanghai cost them 24,000 soldiers and civilians killed, wounded or missing, and they estimate their national losses at about 1,500 million mexican dollars.

Development of the Japanese Occupation In Manchuria—Progress of Administrative Reorganization. The Constitution of "Manchukuo."

While the Shanghai Affair was progressing, the situation was also developing in Manchuria.

Harbin was occupied on February 5 by the Japanese Army, which during the succeeding months continued its operations against the remnants of the former Chinese Army, the "volunteers," the "brigands" and other "irregulars." Guerilla warfare continued over a very large part of Mancuria.

Progress was also made with the administrative reorganization, the first stages of which have already been mentioned above.

On February 17, 1932, a Supreme Administrative Council was constituted for the whole of Manchuria, and on February 18 this Council published a declaration of independence. On February 19 the Japanese representative explained at a meeting of the Council in Geneva that, in Manchuria, independence was synonymous with "autonomy" and that "Japan had favorably regarded the establishment of this independence. On March 9 the local administrations were amalgamated as an independent "State" under the name of "Manchukuo." Mr. Henry Pu-yi, the former Emperor Hsuan Tung, accepted the regency of this state.

The Chinese Government, which had already on November 17, 1931, declared that "the Emperor was kidnapped and escorted by the Japanese from the Japanese Concession in Tientsin to Mukden for the purpose of establishing a bogus government with himself proclaimed as "Emperor" repeatedly denounced the establishment of the so-called State, "which, from the very beginning and at every subsequent stage of its development has been created and maintained at the instigation and with the assistance of the Japanese military forces in Manchuria."

Discussions of the Assembly.—Resolution of March 11. Decisions Regarding the Time-Limit for the Preparation of the Report under Article XV.

Meanwhile the Assembly, continuing its examination of the dispute at Geneva adopted on March 11, 1932, after a full discussion, the following resolution:

The Assembly,

Considering that the provisions of the Covenant are entirely applicable to the present dispute, more particularly as regards:

(1) the principle of a scrupulous respect for treaties;

(2) the undertaking entered into by Members of the League of Nations to respect and preserve as against external aggression the territorial integrity and existing political independence of all the Members of the League;

(3) their obligation to submit any dispute which may arise between them to procedures for peaceful settlement;

Adopting the principles laid down by the Acting President of the Council, M. Briand, in his declaration of December 10th, 1931;

Recalling the fact that twelve Members of the Council again invoked those principles in their appeal to the Japanese Government on February 16th, 1932, when they declared "that no infringement of the territorial integrity and no change in the political independence of any Member of the League brought about in disregard of Article 10 of the Covenant ought to be recognised as valid and effectual by Members of the League of Nations";

Considering that the principles governing international relations and the peaceful settlement of disputes between Members of the League above referred to are in full harmony with the Pact of Paris, which is one of the corner-stones of the peace

organisation of the world and under Article 2 of which "the High Contracting Parties agree that the settlement or solution of all disputes or conflicts, of whatever nature and whatever origin they may be, which may arise among them shall never be sought except by pacific means";

Pending the steps which it may ultimately take for the settlement of the dispute which has been referred to it;

Proclaims the binding nature of the principles and provisions referred to above and declares that it is incumbent upon the Members of the League of Nations not to recognise any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris.

The Assembly,

Affirming that it is contrary to the spirit of the Covenant that the settlement of the Sino-Japanese dispute should be sought under the stress of military pressure on the part of either Party.

Recalls the resolutions adopted by the Council on September 30th and on December 10th, 1931, in agreement with the Parties;

Recalls also its own resolution of March 4th, 1932, adopted in agreement with the Parties, with a view to the definitive cessation of hostilities and the withdrawal of the Japanese forces; notes that the Powers Members of the League of Nations having special interests in the Shanghai Settlements are prepared to give every assistance to this end, and requests those Powers, if necessary, to co-operate in maintaining order in the evacuated zone.

The Assembly,

In view of the request formulated on January 29th by the Chinese Government invoking the application to the dispute of the procedure provided for in Article 15 of the Covenant of the League of Nations;

In view of the request formulated on February 12th by the Chinese Government that the dispute should be referred to the Assembly in conformity with Article 15, paragraph 9, of the Covenant and in view of the Council's decision of February 19th;

Considering that the whole of the dispute which forms the subject of the Chinese Government's request is referred to it and that it is under an obligation to apply the procedure of conciliation provided for in paragraph 3 of Article 15 of the Covenant and, if necessary, the procedure in regard to recommendations provided for in paragraph 4 of the same Article;

Decides to set up a Committee of Nineteen Members; namely, the President of the Assembly, who will act as Chairman of the Committee, the Members of the Council other than the parties to the dispute and six other Members to be elected by secret ballot.

This Committee, exercising its functions on behalf of and under the supervision of the Assembly, shall be instructed:

1. to report as soon as possible on the cessation of hostilities and the conclusion of arrangements which shall render definitive the said cessation and shall regulate the withdrawal of the Japanese forces in conformity with the Assembly resolution of March 4th, 1932;

2. to follow the execution of the resolutions adopted by the Council on September 30th and December 10th, 1931;

3. to endeavour to prepare the settlement of the dispute in agreement with the Parties, in accordance with Article 15, paragraph 3, of the Covenant, and to submit a statement to the Assembly;

4. to propose, if necessary, that the Assembly submit to the Permanent Court of International Justice a request for an advisory opinion;

5. to prepare, if need be, the draft of the report provided for in Article 15, paragraph 4, of the Covenant;

6. to propose any urgent measure which may appear necessary;

7. to submit a first progress report to the Assembly as soon as possible and at latest on May 1st, 1932.

The Assembly requests the Council to communicate to the Committee, together with any observations it may have to make, any documentation that it may think fit to transmit to the Assembly.

The Assembly shall remain in session and its President may convene it as soon as he may deem this necessary.

On March 12 the Government of the United States of America declared that the action of the Assembly would go far towards developing into terms of international law the principles of order and justice which underlay the Paris Pact and the League Covenant. The United States Government was especially gratified that the nations of the world were united on a policy not to reorganize the validity of results attained in violation of the treaties in question, and this was a distinct contribution to international law and offered a constructive basis for peace.

On July 1, 1932, having been informed that the report of the Commission of Enquiry could not be completed before September, the Assembly, after obtaining the consent of the two parties, decided to prolong to the extent that might be strictly necessary the time-limit of six months laid down in the Covenant for the preparation of its report.

In the letter addressed on June 24 to the representatives of China and Japan, proposing an extension of the time-limit laid down in the Covenant, the President of the Assembly said:

"It is my duty to add that I have every confidence that the undertaking not to aggravate the situation entered into by the two nations before the Council and recorded by the latter on September 30 and December 10 (1931), in resolutions which retain their full executive force, will be scrupulously observed. I am sure that you will agree with me that these resolutions will continue to be fully valid during the period for which the time-limit of six months may be extended. I would also refer you to the resolution which the Assembly adopted on March 11th and in which is recalled the two resolutions of the Council."

After the adoption of the extension of the time-limit the President referred to this passage of his letter and added: "Such being the case, the decision just taken by the Assembly authorizes me to declare that the parties must abstain from any action that might compromise the success of the work of the Commission of Enquiry or of any efforts the League may make with a view to a settlement.

"I would remind you also that on March 11 the Assembly proclaimed that it would be incumbent upon the members of the League of Nations not to recognize any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the Legaue of Nations or to the Pact of Paris."

(To be continued next week)

TEETHING PAINS.

It seems rather puzzling why the purely natural process of acquiring teeth should affect the child's health and cause him so much pain. Yet it is a fact that most children suffer at this period.

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CUSTOMS NOTIFICATION NO. 1280

Notice is hereby given that, acting under instructions received from the Inspector General of Customs, I have today handed over charge of the Shanghai Customs to Mr. A. C. E. Braud, Commissioner of Customs.

L. H. Lawford
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai 8th March, 1933.

CUSTOMS NOTIFICATION NO. 1281

Notice is hereby given that, acting under instructions received from the Inspector General of Customs, I have today assumed charge of the Shanghai Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai 8th March, 1933.

Chinese Guilds Demand Punishment of Annamite Constable in Shooting Case

More than 50 Chinese Guilds, headed by the Ningpo and Chaochow Residents' Associations, are agitating and bringing joint pressure on the French Municipal Authorities for the punishment of Annamite policeman No. 274 of the French Police who was responsible for the killing of two Chinese pedestrians and the wounding of two others at the corner of Rue Hue and Rue Ningpo on Feb. 25. The case arosed out of an incident which took place on that day when the said Annamite police officer interfered with a ricsha coolie for allowing two women to ride in the same vehicle. As the police officer and the ricsha coolie were arguing about the matter, a crowd collected. The policeman precipitately fired into the crowd and as a result, one Cho Kuo-ting, a native of Chaochow, was killed outright and Liu Foh-kao, a Ningpo merchant was fatally wounded; two pedestrians were injured. The shooting aroused considerable resentment among the Chinese residents in French Concession, as they consider that the case was so trivial as not to warrant any resort to firing.

Shortly after the occurrence of the tragedy, an agitation was started. Many Chinese guilds have interested themselves in the affair and jointly requested the Chinese Ratepayers' Association of the French Concession to protest to the French Municipal Council and demanded punishment of the responsible police officer, compensation to the families of the victims and the wounded, a gurantee of non-repetition of the incident in future and an increase of Chinese Constables to displace the Annamite policemen. These demands have been verbally represented to the French Consul by Tu Yueh-seng, Chairman of the Association. In the meantime, Ya Yah-ching, Chairman of the Ningpo Residents' Association, is reported to have appealed to the Executive Yuan and Ministry of Foreign Affairs, requesting that the matter be taken up officially with the French Minister, M. Auguste Wilden.

The agitation is developing. On March 8, a deputy of the various protesting guilds proceeded to the City Government of Greater Shanghai and appealed to Mayor Wu Te-chen to deal officially with the French Consul in this matter. Reports in Chinese papers express the fear that if no satisfactory settlement of the case can be made in the immediate future, the agitation may develop into a serious situation.

The police officer responsible for the shooting tragedy is now being detained by the French Authorities and an inquiry into the case is being conducted.

Poison Gas Used by Chinese?—Japanese Sale of Chemicals Investigated

The Japanese telegrams last week charged that the Chinese were using poison gas in the Jehol operations, the condition of 107 dead and wounded bodies indicating an irritation of the skin which could only have been caused by poison gas.

A telegram from Osaka, March 5 stated that Kokuzo Shima, former President of the Hanshin (Osaka-Kobe) Tramway Company is under investigation by the Osaka Gendarmerie regarding sales of chemicals to China. It was charged that Mr. Shima sold the chemicals to the Nanking Government for manufacturing poison-gas for General Chang Hsueh-liang's army.

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Demand selling rate on London:	£1.0.0 = Sh. $16.27
Demand buying rate on London:	£1.0.0 = Sh. $15.88

Regulations Adopted Governing China's Silver Dollar

A set of Regulations governing the coinage of the Standard Silver Unit (Dollar) was formally adopted at the 7th regular meeting of the Legislative Yuan in Nanking March 3. The following is a translation of the Regulations:—

Art. 1.—The coinage of the Standard Silver Unit shall be carried out exclusively by the Central Mint.

Art. 2.—The Standard Silver Unit shall be known as the *Yuan*. Its total weight shall be 26.6971 grammes. It shall be composed of 88% silver and 12% copper; that is, it shall contain 23.493448 grammes of pure silver.

Art. 3.—The pattern of the Standard Silver Unit shall be designed by the Ministry of Finance and submitted to the National Government for promulgation by official Mandate.

Art. 4.—One *Yuan* of the Standard Silver money shall be equivalent to 100 cents (*Fen*). One cent shall to equivalent to 10 *Li*.

Art. 5.—The difference between the actual weight of the *Yuan* of the Standard Silver Unit and the legally fixed weight must not in any case exceed three-thousandths (3/1000ths).

Art. 6.—The difference between the aggregate weight of 1,000 *Yuans* and the legally fixed weight (for 1000 *Yuans*) must not in any case exceed 3/10,000ths.

Art. 7.—The difference between the actual fineness of each Standard Silver *Yuan* and the legally fixed fineness must not in any case exceed three-thousandths (3/1000ths).

Art. 8.—The Standard Silver Unit shall be tendered and accepted in payments to the Government or to private persons as well as in all transactions. The amount that may be tendered at any time shall be unlimited. (That is, it shall be considered as the legal tender).

Art. 9.—All the old one-yuan silver pieces, which conform with the weight and fineness originally fixed, may be used, within a certain specified period, in the same manner as the Standard Silver Unit. The said period shall be specified by order of the Ministry of Finance.

Art. 10.—The Standard Silver coins, if used for too long a time, may be presented to the Central Mint in exchange for new coins of the same amount, provided however that their weight and fineness shall conform with articles 2, 5, 6 and 7 of these regulations.

(Note.—Articles 5, 6 and 7 provide for the ordinary wear and tear.)

Art. 11.—The following provisions shall govern in cases in which silver or similar metals which may be used for the minting of coins, or old coins, are presented to the Central Mint for the coinage of the Standard Silver coins:—

(1). Where the silver bullion offered has a fineness of 999 thousands, 23.493448 grammes of pure silver shall be presented for each *Yuan* plus a minting charge of 2.25%.

(2). Old one-yuan silver pieces which conform with the weight and fineness originally fixed may be exchanged for an equal amount of the Standard Silver coins without payment of minting charge.

(3). Where the fineness of the silver bullion offered is less than 999 thousandths, or where the old one-yuan silver pieces do not conform with the weight and fineness originally fixed, they shall be converted to the actual amount of pure silver they contain. A minting charge of 2.25% must be paid for each *Yuan* coined. Where the composition of the silver bullion or old coins mentioned above is too complicated, an appropriate assay and/or refining fee may be charged in addition to the minting charge.

Art. 12.—The Central Mint may produce "mint bars." Each bar shall have a fineness of 999 thousandths and a fine silver content equivalent to the fine silver content contained in 1,000 dallars, both of which shall be recorded on the face of the bar.

Art. 13.—Where silver bullion is offered to the Central Mint for the making of "mint bars," the following provisions shall govern:—

(1). Where the silver bullion has a fineness of 999 thousandths, a minting charge of 2.25% shall be paid.

(2). Where the fineness of the silver is less than 999 thousandths, it shall be commuted to the amount of pure silver it contains. Besides a minting charge of 2.25% for each bar, an appropriate assay and/or refining fee may be charged.

Art. 14.—Where "mint bars" of the Central Mint are presented in exchange for Standard Silver coins, the Mint, if satisfied that the bar offered retains its original weight and fineness, must exchange it for Standard Silver coins of an amount equivalent to that recorded on the bar. In case the bar has lost in weight or fineness, it shall be exchanged with Standard Silver coins equivalent to the actual amount of silver it contains.

Art. 15.—These regulations shall be put into effect from the date of promulgation thereof.

Ratio between the Standard Dollar and the Shanghai Tael

Besides the above Regulations, the Legislative Yuan also adopted a resolution formally fixing the rate of exchange of the Dollar as equivalent to 0.715 Shanghai Tael. This rate of exchange applies both to the standard dollar and the existing old one-dollar pieces. The Legislative Yuan also approved the following formula showing how this rate is arrived at:

One Standard *Yuan equals* 23.493448 grammes of pure silver.
One Shanghai *Tael equals* 33.599 grammes of pure silver.
23.493448 *divided* by 33.599 equals 0.6992305.
Hence one Standard Yuan equals 0.6992305 Shanghai Tael.
Minting charge 2.25% equals .0157327.
0.6992305 plus .0157327 equals .715 approximately. Therefore the rate of exchange of one Yuan has been fixed at 0.715 Shanghai Tael.

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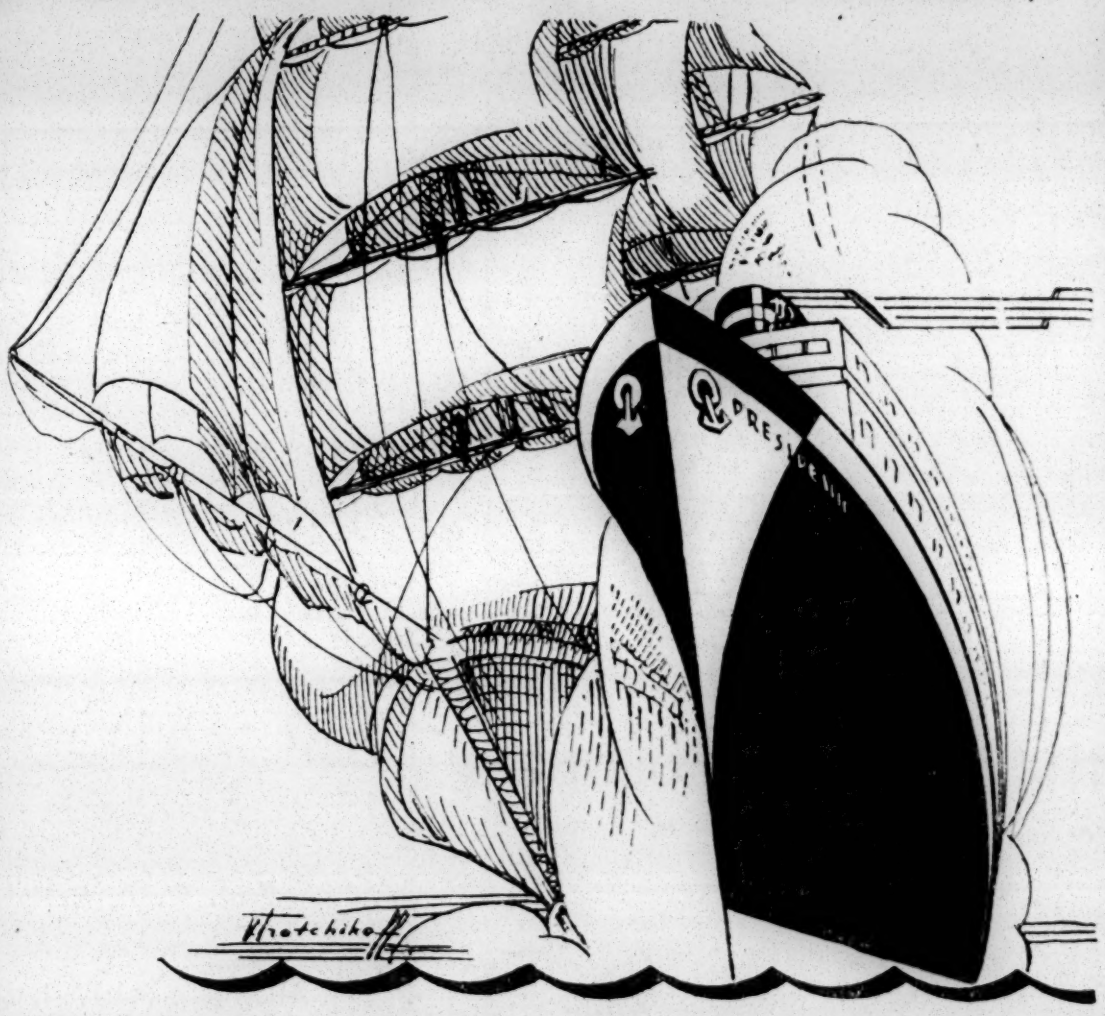

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